

# Exhibit 12





Beyond Security™

## SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: IMA254728F	NAMED INSURED SMILEY TEAM # 2 INC.
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### Endorsement No./ Edition Date/ Form Description

#### **Forms Applicable - INTERLINE**

GSI-04-AP00D (03-10)	COMM POLICY DECL
GSI-04-I618 (08-06)	COMMON POLICY CONDITIONS
GSI-04-I600 (03-10)	SERVICE OF SUIT CLAUSE
GSI-04-I604 (01-01)	MINIMUM EARNED PREM
GSI-04-I624 (02-04)	RECOVERY OF TX SUR TAXES
IL0985 (01-15)	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
TXCN-1 (03-08)	TX NOTICE
GSI-04-AP040 (07-14)	40+ ADVANTAGEPAC ENDORSEMENT
GSI-04-CGLDEC(05-04)	GENERAL LIABILITY DECL
CG0001 (12-07)	GL COVERAGE FORM-OCC
GSI-04-C512 (01-01)	CLASSIFICATION LIMITATION
GSI-04-AP600 (02-16)	CGL COMBINED PROVISIONS ENDORSEMENT - GENERAL LIABILITY
IL0021 (09-08)	NUCLEAR ENERGY LIAB EXCL
CG2144 (07-98)	LIMITATION OF COVERAGE
CG2173 (01-15)	EXCL OF CERTIFIED ACTS OF TERRORISM
GSI-04-AP400 (03-14)	PROPERTY COMBINED PROVISIONS ENDORSEMENT - PROPERTY
CP0010 (10-12)	BUILDING AND PERS PROP COVG
GSI-04-CP03D (05-04)	COMM PROPERTY COV DECL
CP0090 (07-88)	COMM PROPERTY CONDITIONS
CP1030 (10-12)	CAUSE OF LOSS-SPECIAL
CP1054 (06-07)	WINDSTORM OR HAIL EXCL
CPR 11 0001 (04-14)	ROOF DAMAGE AND VALUATION
IL0953 (01-15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM

## ADDITIONAL FORMS

TEXAS GUARANTY FUND DISCLOSURE NOTICE  
CP0142 (03/12) TEXAS CHANGES

## COMMERCIAL GENERAL LIABILITY DECLARATIONS

**POLICY #** IMA254728F

## 1. LIMITS OF INSURANCE

EACH OCCURENCE LIMIT	\$ 1,000,000	
DAMAGE TO PREMISES RENTED TO YOU LIMIT	\$ 100,000	Any one premises
MEDICAL EXPENSE LIMIT	\$ 5,000	Any one person
PERSONAL & ADVERTISING INJURY LIMIT	\$ 1,000,000	Any one person or organization
GENERAL AGGREGATE LIMIT	\$ 2,000,000	
PRODUCTS/ COMPLETED OPERATIONS AGGREGATE LIMIT	\$ 2,000,000	

**2. LOCATION(S) OF ALL PREMISES YOU OWN, RENT OR OCCUPY:**

Loc#	Address	City	State Zip Code
1	7425 HWY. 6	HITCHCOCK	TX 77563



3.

LOC CLASSIFICATION  
#

CODE KEY PREMIUM  
NO. LTR BASIS

## RATES

## ADVANCE PREMIUM

State Zip Territory Code

1 BUILDINGS OR PREMISES-BANK OR 61212 A 4,200 48.12 INCLUDED 250 MP INCLUDED  
OFFICE-MERCANTILE OR MFG.  
(LESSOR'S RISK ONLY)-OTHER  
THAN NOT FOR PROFIT

**SUBTOTAL**

250

**TERRORISM RISK INSURANCE ACT (TRIA) PREMIUM:  
(TRIA COVERAGE NOT APPLICABLE UNLESS PREMIUM SHOWN ABOVE)**

#### TOTAL ADVANCE PREMIUM

Audit period annual unless otherwise stated

**4. FORMS AND ENDORSEMENTS FORMING A PART OF THIS COVERAGE PART AND MADE PART OF THIS POLICY ON ITS EFFECTIVE DATE:**

See Schedule of Forms & Endorsements GSI-04-FORMSCH (1-01)

5. RETROACTIVE DATE: \_\_\_\_\_ (Applies only to CG 00 02 - Claims Made Commercial General Liability Coverage Form. If blank, Retroactive Date is the inception date of this policy shown under Item 2 POLICY PERIOD of the COMMON POLICY DECLARATIONS)

- a. Coverage A of this insurance does not apply to "bodily injury" or "property damage" which occurs before the Retroactive Date shown above and Coverage B of this insurance does not apply to "personal and advertising injury" caused by an offense committed before the Retroactive Date shown above.
- b. If applicable, the Retroactive Date for the insurance provided by some endorsements that are attached to and form a part of this Coverage Part may be different from the Retroactive Date shown above. In that case, the Retroactive Date applicable to the insurance provided by such endorsements will be shown in those endorsements.

THESE DECLARATIONS ARE PART OF THE COMMON POLICY DECLARATIONS CONTAINING THE NAME OF  
THE INSURED AND THE POLICY PERIOD.

- (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- (8) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:
  - i. The exception s contained in Sub-paragraphs (4) or (6); or
  - ii. Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.
- c. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.

#### **AUTOMATIC ADDITIONAL INSURED – TRADE EVENT**

- 7. a. Any person or organization acting as the Trade Sponsor or Organizer and for whom you are participating in a Trade Event or Show when you and such person or organization have agreed in writing in a contract or agreement or received a written request or written insurance specifications, including email or fax requiring that such person(s) or organization(s) be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your participation in a Trade Event or Show.
- b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" which takes place after your participation in the Trade Event or Show has ended.

#### **AUTOMATIC ADDITIONAL INSURED – MORTGAGEE, ASSIGNEE, OR RECEIVER**

- 8. a. Any mortgagee, assignee, or receiver whom you have agreed in writing in a contract or agreement to add as an additional insured on your policy, but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use by you of your premises which are covered by this policy.
- b. With respect to the insurance afforded to these additional insureds, this insurance does not apply to structural alterations, new construction or demolition operations performed by or on behalf of the mortgage, assignee or receiver.

#### **2. DEDUCTIBLE LIABILITY**

\$	Deductible applied on a Per Claim Basis (\$0, unless an amount is shown)
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- a. Our obligation, under **SECTION I – COVERAGES** (other than **COVERAGE C MEDICAL PAYMENTS**) to pay damages for which the insured is legally liable, and costs or expenses applies only to the sum of damages, costs or expenses which are in excess of any deductible amount stated above.
- b. The deductible amount stated above applies on a per claim basis to all damages because of injury or damage sustained by any one person or organization, and costs or expenses, as the result of any one:
  - (1) "Occurrence"; or
  - (2) Offense
- whichever is applicable to the claim under which coverage is being afforded.
- c. The terms of this insurance, including those with respect to:
  - (1) Our right and duty to defend any "suit" seeking those damages; and

## COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS

POLICY # IMA254728F1. NAMED INSURED SMILEY TEAM # 2 INC.EFFECTIVE DATE 02/17/2017

## 2. DESCRIPTION OF PREMISES

LOC. BLDG. #	STREET #	CITY	STATE ZIP
1 1	7425 HWY. 6	HITCHCOCK GALVESTON CO.	TX 77563

LOC. BLDG. #	BLDG. #	CONST	PROTECT CLASS	DIST TO WATER	YEAR BUILT	OCCUPANCY	CLASS CODE
1 1		MNC	PC7	2.5 - 5 mi	1986	CONVENIENCE STORE	00932

## 3. COVERAGE PROVIDED INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY FOR COVERAGES FOR WHICH A LIMIT OF INSURANCE IS SHOWN.

LOC. BLDG. #	COVERAGE #	LIMIT OF INSURANCE	COVERED CAUSES OF LOSS	COINSURANCE*	RATES	PREMIUM
1 1	BUILDING	300,000	SPECIAL	80%	.530	1,590

\* IF EXTRA EXPENSE COVERAGE, LIMITS ON LOSS PAYMENT

TERRORISM RISK INSURANCE ACT (TRIA) PREMIUM:  
(TRIA COVERAGE NOT APPLICABLE UNLESS PREMIUM SHOWN ABOVE)

## 4. OPTIONAL COVERAGES

APPLICABLE ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW.

LOC. BLDG. #	AGREED VALUE #	EXPIRATION DATE	COVERAGE	AMOUNT	REPLACEMENT COST(X) BUILDING	PERSONAL PROPERTY	INCLUDING "STOCK" X	TOTAL PREMIUM:
1 1								1,590

INFLATION GUARD (Percentage) BUILDING	* MONTHLY LIMIT OF PERSONAL PROPERTY	*MAXIMUM PERIOD INDEMNITY (Fraction)	*EXTENDED PERIOD OF INDEMNITY (Days)
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## 5. MORTGAGE HOLDER

\*APPLIES TO BUSINESS INCOME ONLY

LOC. # BLDG. # MORTGAGE HOLDER NAME AND MAILING ADDRESS

1 1 PROSPERITY BANK, 12602 MEMORIAL DRIVE, HOUSTON, TX 77024-LOAN#A:09/12/2011

## 6. DEDUCTIBLE

\$1,000 PER OCCURRENCE, WIND OR HAIL EXCLUDED

## 7. FORMS APPLICABLE

TO ALL COVERAGES: See Schedule of Forms &amp; Endorsements GSI-04-FORMSCH (1-01)

TO SPECIFIC PREMISES/ COVERAGES:

LOC. # BLDG. # COVERAGES FORM NUMBER

DEF000280

**SCHEDULE OF FORMS AND ENDORSEMENTS** (Continued)

Endorsement No./ Edition Date/ Form Description

# GENERAL STAR INDEMNITY COMPANY

## COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

### **A. Cancellation**

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
  - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium or for the failure to provide to the Company any audit related documentation, for either this insurance policy or any other insurance policy issued to a Named Insured in the past; or
  - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

### **B. Changes**

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

### **C. Examination Of Your Books And Records**

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

### **D. Inspections And Surveys**

1. We have the right to:

- a. Make inspections and surveys at any time;
- b. Give you reports on the conditions we find; and
- c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
  - a. Are safe or healthful; or
  - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

### **E. Premiums**

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums. Failure to pay any premium or to provide to the Company any audit-related documentation, for either this insurance policy or any other insurance policy issued to a Named Insured in the past, will result in a cancellation of this policy; and
2. Will be the payee for any return premiums we pay.

### **F. Representations On Application Warranty.**

The following representations on application warranty applies to all Coverage Parts attached to this policy.

By accepting this policy, you agree, represent and warrant that:

1. The statements and information contained in the application for insurance, including all

statements, information and documents accompanying or relating to the application are:

- (a) Accurate and complete and no facts have been suppressed, omitted or misstated; and
- (b) Material to us, and we have issued this policy in reliance upon them;

2. Any failure to fully disclose the information requested in the application for insurance, whether by omission or suppression, or any misrepresentation in the statements and information contained in the application for insurance, including all statements, information and documents accompanying or relating to the application, renders coverage for any claim(s) null and void and entitles us to rescind the policy from its inception; and

3. The application for this policy is incorporated and made part of the policy by reference.

#### **G. Transfer Of Your Rights And Duties Under This Policy**

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

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IN WITNESS WHEREOF The **General Star Indemnity Company** has caused this Policy to be signed by its President and Secretary at Stamford, Connecticut, but the same shall not be binding upon the Company unless countersigned on the Declarations Page by an authorized representative of the Company.



Secretary

**GENERAL STAR INDEMNITY COMPANY**



President

## GENERAL STAR INDEMNITY COMPANY

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

### SERVICE OF SUIT CLAUSE

It is agreed that in the event of the failure of General Star Indemnity Company (the "Insurer") to pay any amount claimed to be due hereunder, the Insurer, at the request of the insured, will submit to the jurisdiction of any Court of competent jurisdiction within the United States of America and will comply with all requirements necessary to give such Court jurisdiction. All matters arising hereunder shall be determined in accordance with the law and practice of such Court. However, nothing in this provision constitutes a waiver of the Insurer's rights to remove an action to a United States District Court, or to seek a transfer of a case to another Court as permitted by the laws of the United States of America or of any State in the United States.

It is further agreed that service of process in such suit may be made upon the Insurer by certified mail, return receipt requested, addressed to the Insurer in care of its **Corporate Secretary**, Attention: Legal Department, General Star Indemnity Company, 120 Long Ridge Road, Stamford, CT 06902-1843. In any suit instituted under this contract, Insurer will abide by the final decision of such Court or of any Appellate Court in the event of an appeal.

The above-referenced Corporate Secretary, or his designee, is authorized and directed to accept service of process on behalf of the Insurer in any such suit or upon the request of the insured to give a written undertaking to the insured that it will enter a general appearance upon the Insurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States of America, which makes provision therefor, the Insurer hereby designates the Superintendent, Commissioner or Director of Insurance, or such other insurance department representative, or such other governmental officer, such as the Secretary of State, specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the insured or any beneficiary hereunder arising out of this contract of insurance, and hereby designates the Insurer's Corporate Secretary as the person to whom the said insurance department representative is authorized to mail such process or a true copy thereof.

**GENERAL STAR INDEMNITY COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**MINIMUM EARNED PREMIUM**

Item 5. of Condition A Cancellation of the COMMON POLICY CONDITIONS is deleted and replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata and such refund will be subject to minimum earned premium of \_\_\_\_\_ 25% of the TOTAL PREMIUM shown under item 3. of the COMMON POLICY DECLARATIONS. The cancellation will be effective even if we have not made or offered a refund.

**GENERAL STAR INDEMNITY COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**Recovery of Texas Surplus Lines Taxes**

The policy to which this endorsement is attached provides insurance coverage underwritten by a surplus lines insurance company. Accordingly, the premium that you have paid for this policy is subject to a surplus lines tax imposed by the State of Texas. This tax is noted on the Declarations page of your policy, or in an endorsement to the policy.

By incorporation of this endorsement into your policy, you accept sole liability for the payment of these taxes, and agree to either pay such taxes directly to the Texas Comptroller's Office or to reimburse us immediately in the event that we are compelled to advance such unpaid taxes on your behalf. You also agree to reimburse us for all costs of collection incurred by us, including but not limited to attorney's fees, court costs and related expenses, in the event that you fail to pay such taxes.

In the past, this tax has been collected from you, (either directly from you by a surplus lines broker or indirectly by another insurance producer), and remitted by a surplus lines broker to the Texas Comptroller's Office. However, a bill recently passed in Texas, (HB 2425), changes the means by which this tax may ultimately be recovered by the State of Texas. Although the surplus lines broker is still obligated to collect this tax from you, in the event that the broker fails to remit the tax to the State, the State of Texas is now authorized to pursue recovery of the tax from you, from us or from the broker. The State of Texas may now collect this tax from any one of these parties.

In order to ensure that payment of your taxes has been properly made, you may wish to ask your broker to confirm to you in writing that the taxes have been paid to the Texas Comptroller's Office. In the event that the State of Texas attempts to collect the taxes from us, we will contact you, request the payment thereof, and hold you responsible for such payment. By incorporation of this endorsement into your policy, you accept sole liability for the payment of these taxes, and agree to pay them promptly.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS OF THIS POLICY REMAIN UNCHANGED.

POLICY NUMBER: IMA254728F

IL 09 85 01 15

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

## DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

### SCHEDULE

#### SCHEDULE – PART I

**Terrorism Premium (Certified Acts)** \$ Rejected

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/or Policy(ies):

Additional information, if any, concerning the terrorism premium:

#### SCHEDULE – PART II

**Federal share of terrorism losses** 83 % **Year: 20** 17

(Refer to Paragraph **B**. in this endorsement.)

**Federal share of terrorism losses** 82 % **Year: 20** 18

(Refer to Paragraph **B**. in this endorsement.)

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

#### A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

DEF000287

**B. Disclosure Of Federal Participation In Payment Of Terrorism Losses**

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals a percentage (as shown in Part II of the Schedule of this endorsement or in the policy Declarations) of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year, the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

**C. Cap On Insurer Participation In Payment Of Terrorism Losses**

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

DEF000288

**Smiley Team #2 Inc**

**IMA254728F**

**Texas Guaranty Fund Disclosure Notice**

This insurance contract is with an insurer, not licensed to transact insurance in this state and is issued and delivered as surplus line coverage under the Texas insurance statutes. The Texas Department of Insurance does not audit the finances or review the solvency of the surplus lines insurer providing this coverage, and this insurer is not a member of the Property and Casualty Insurance Guaranty Association created under Chapter 462, Insurance Code. Chapter 225, Insurance Code, requires payment of a 4.85 percent tax on gross premium.

State: **Texas**

Policy Premium:	\$1,840.00
Producer Fee	\$70.00
Policy Fee	\$180.00
Surplus Lines Tax	\$101.37
Stamping Office Fee	\$3.14

TRIA Premium: **\$2,194.51**  
**TOTAL:**

TX Surplus Lines Broker: U.S. Risk, LLC  
TX License No. 2949



Authorized Individual: Randall Goss

## IMPORTANT NOTICE

To obtain information or make a complaint:

- 1 You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

- 2 You may write the Texas Department of Insurance:

P.O. Box 149104  
Austin, TX 78714-9104  
FAX# (512) 475-1771

Web: <http://www.tdi.state.tx.us>  
Email: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### 3 PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim, you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

### 4 ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part of condition of the attached document.

## AVISO IMPORTANTE

Para obtener informacion o para someter una queja:

- 1 Puede comunicarse con el Departamento de Seguros de Texas para obtener informacion acerca de companias, coberturas, derechos o que jasal:

1-800-252-3439

- 2 Puede escribir al Departamento de Seguro de Texas:

P.O. Box 149104  
Austin, TX 78714-9104  
FAX# (512) 475-1771

Web: <http://www.tdi.state.tx.us>  
Email: [ConsumerProtection@tdi.state.tx.us](mailto:ConsumerProtection@tdi.state.tx.us)

### 3 DISPUTAS SOBRE PRIMAS O RECLAMOS:

Si tiene una disputa concerniente a su prima o a un reclamo, debe comunicarse con el agente primero. Si no se resuelve la disputa, puede entonces comunicarse con el departamento (TDI).

### 4 UNA ESTE AVISO A SU POLIZA:

Este aviso es solo para proposito de informacion y no se convierte en parte o condicion del documento adjunto.

# 40+ AdvantagePAC™

**GeneralStar®**



Beyond Security®

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

## 40+ AdvantagePAC™

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM	CAUSES OF LOSS - SPECIAL FORM
BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM	BUSINESS INCOME (WITH EXTRA EXPENSE) COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM	COMMERCIAL GENERAL LIABILITY COVERAGE FORM

## SYNOPSIS OF COVERAGE ENHANCEMENTS PROVIDED BY THIS ENDORSEMENT

Item	Enhanced/New Coverage	New Limits or Deductible Amounts	Page
1	Debris Removal	\$30,000 each location, each occurrence	2
2	Fire Department Service Charge	\$5,000 each occurrence	3
3	Pollutant Clean-Up & Removal	\$20,000 expenses each described premises, each annual policy period	3
4	Ordinance Or Law	\$25,000 each described building; \$50,000 annual aggregate – Coverage A, B, C combined	3
5	Forgery Or Alteration	\$2,500 each loss including legal expense	6
6	Fire Extinguisher Systems Recharge Expense	\$2,500 each occurrence	7
7	Prepackaged Software	\$5,000 annual aggregate	7
8	Newly Acquired / Constructed Property – Buildings	\$350,000 each building; 60 days period of coverage after acquisition / construction begins	8
9	Newly Acquired / Constructed Property – Business Personal Property	\$150,000 business personal property at each building; 60 days period of coverage after acquisition / construction begins	8
10	Personal Effects & Property Of Others	\$7,500 each described location subject to \$2,500 any one item	8
11	Valuable Papers & Records (Other Than Electronic Data)	\$15,000 each described premises	9
12	Property Off Premises	\$20,000 each occurrence	9
13	Outdoor Property – Trees, Shrubs, Plants	\$5,000 each occurrence subject to \$1,000 any one item	9
14	Outdoor Property – Fences; Radio / Television Antennas; Signs	\$15,000 each occurrence fences; radio / television antennas (broadened specified perils); \$2,500 each occurrence per sign (non-specified perils)	9
15	Accounts Receivable	\$15,000 each occurrence at the described premises	10
16	Fine Arts	\$10,000 lesser of cost to restore, repair, or replace	11
17	Arson Reward	Up to \$10,000 each occurrence; \$20,000 annual aggregate	11
18	Theft Or Vandalism Reward	Up to \$2,500 each occurrence; \$5,000 annual aggregate	11
19	Lock And Key Replacement	\$5,000 each occurrence	12
20	Installation Coverage	\$15,000 each occurrence	12
21	Tenant Building Glass	\$15,000 each described building	12
22	Tenant Relocation Expense (Not Applicable In Massachusetts)	\$750 each rented living quarters; \$15,000 annual aggregate	12
23	Employee Dishonesty	\$10,000 all claims or occurrence	13
24	Business Personal Property Limit – Seasonal Increase	25%	15
25	Deductible – Tenant Building Glass; Employee Dishonesty	\$250 deductible	12, 13
26	Deductible – Fire Extinguisher Systems Recharge; Arson / Theft & Vandalism Reward; Tenant Relocation Expense	No deductible	7, 11, 12
27	Enhanced/New Coverage	New Limits or Deductible Amounts	Page
27	Extended Business Income	90 days	17, 18
28	Newly Acquired Locations	\$150,000 each location. 60 days period of coverage after acquisition/construction begins	17, 18
29	Enhanced/New Coverage	New Limits or Deductible Amounts	Page
29	Property In Transit – Your Vehicles	\$15,000 each occurrence	19
30	Property In Transit – Non-owned Vehicles	\$2,500 each occurrence	19
31	Fungus Clean-Up & Removal Expense****	\$10,000 aggregate each policy period	****
32	Enhanced/New Coverage	New Limits or Deductible Amounts	Page
32	Expected Or Intended Injury Or Damage	Use of reasonable force – property damage	20
33	Non-owned Watercraft	Up to 51 feet long	20
34	Damage To Property – Customer's Goods While On Premises	\$10,000 each occurrence	20
35	Supplementary Payments – Cost Of Bail Bonds	\$2,500 each occurrence	20
36	Supplementary Payments – Insured Loss Of Earnings	Up to \$500 per day insured loss of earnings	20
37	Privacy & Information Security Third Party Notification And Outside Consultant Services Reimbursement	\$5,000 annual aggregate expense reimbursement	21
38	Automatic Additional Insured – Managers & Lessors Of Premises	Automatic coverage for qualified person(s) or organization(s)	22
39	Automatic Additional Insured – Lessors Of Leased Equipment	Automatic coverage for qualified person(s) or organization(s)	23
40	Liberalization Provision	Included	23
41	Medical Expense Limit	\$10,000 any one person	Dec
42	Pollution Excl – Hostile Fire Exception **	Up to policy limit	**
	**** Refer to Property Combined Provisions Endorsement	** Refer to Commercial Gen Liability Combined Provisions Endorsement	DEP000292

**A. COVERAGE AMENDMENTS TO THE BUILDING AND PERSONAL PROPERTY COVERAGE FORM (CP 00 10) OR THE CONDOMINIUM ASSOCIATION COVERAGE FORM (CP 00 17) – [WHICH EVER COVERAGE FORM IS ATTACHED TO THE POLICY]**

**1. ADDITIONAL COVERAGES**

Provisions **a.**, **c.**, **d.** and **e.** in Section **A.4. Additional Coverages** are amended as follows:

**DEBRIS REMOVAL**

Subparagraphs **a. (4)** and **(5)** of **Debris Removal** of Section **A.4. Additional Coverage** are deleted and replaced by the following:

**a. Debris Removal**

**(4)** We will pay up to an additional \$30,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a)** The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b)** The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if Subparagraphs **(4)(a)** and/or **(4)(b)** apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$30,000.

**(5) Examples**

The following examples assume that there is no coinsurance penalty.

**Example #1**

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 50,000
Amount of Loss Payable	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense	\$ 10,000
Debris Removal Expense	
Payable	\$ 10,000
	(\$10,000 is 20% of \$50,000)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

**Example #2**

Limit of Insurance	\$ 90,000
Amount of Deductible	\$ 500
Amount of Loss	\$ 80,000
Amount of Loss Payable	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense	\$ 50,000
Debris Removal Expense	
Payable	
Basic Amount	\$ 10,500
Additional Amount	\$ 39,500

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)** because the debris removal expense (\$50,000) exceeds 25% of the loss payable plus the deductible (\$50,000 is 62.5% of \$80,000), and because the sum of the loss

payable and debris removal expense ( $\$79,500 + \$50,000 = \$129,500$ ) would exceed the Limit of Insurance ( $\$90,000$ ). The additional amount of covered debris removal expense is  $\$30,000$ , the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is  $\$40,500$ ;  $\$9,500$  of the debris removal expense is not covered.

#### **FIRE DEPARTMENT SERVICE CHARGE**

Paragraph **c. Fire Department Service Charge** of Section **A.4. Additional Coverages** is deleted and replaced with the following:

##### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to  $\$5,000$  for service at each premises described in the **Commercial Property Coverage Part Declarations**, unless a higher limit is shown in the **Commercial Property Coverage Part Declarations**. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of service performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

#### **POLLUTANT CLEAN-UP AND REMOVAL**

Paragraph **d. Pollutant Clean-up And Removal** of Section **A.4. Additional Coverages** is deleted and replaced with the following:

##### **d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is  $\$20,000$  for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

#### **ORDINANCE OR LAW**

Paragraph **e. Increased Cost of Construction** of Section **A.4. Additional Coverages** is deleted and replaced with the following:

##### **e. Ordinance or Law**

###### **(1) Coverage**

###### **(a) Coverage A – Coverage For Loss To The Undamaged Portion Of The Building**

With respect to the building that has sustained covered direct physical damage, we will pay for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building subject to the limit stated in Subparagraph (4) below.

###### **(b) Coverage B – Demolition Cost Coverage**

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of a requirement to comply with an ordinance of law that requires demolition of such undamaged property subject to the limit stated in Subparagraph (4) below.

**(c) Coverage C – Increased Cost Of Construction Coverage**

- i. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:
  - (i) Repair or reconstruct damaged portions of that building; and/or
  - (ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;when increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law, subject to the limit stated in Subparagraph **(4)** below.

However,

- (i) This Additional Coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (ii) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.
- ii. When a building is damaged or destroyed and **Coverage C** applies to that building in accordance with the above provisions, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated above:
  - (i) The cost of excavations, grading, backfilling and filling;
  - (ii) Foundation of the building;
  - (iii) Pilings; and
  - (iv) Underground pipes, flues and drains.

The items listed in Subparagraphs **(i)** through **(iv)** above are deleted from Property Not Covered, but only with respect to the coverage described in Subparagraph **(c)ii.**

Paragraph 1. **Coinurance** in Section **F. Additional Conditions** does not apply to **Coverage C.**

**(2)** The coverage provided by this Ordinance or Law provision applies only if both **(2)(a)** and **(2)(b)** are satisfied and are then subject to the qualifications set forth in **(2)(c)**:

**(a) The ordinance or law:**

- i. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and
- ii. Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

**(b)** i. The building sustains direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or

ii. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

iii. But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this Additional Coverage even if the building has also sustained covered direct physical damage.

**(c)** In the situation described in Subparagraph **(2)(b)(ii)** above, we will not pay the full amount of loss otherwise payable under the terms of **Coverages A, B, and C** of this Additional Coverage. Instead, we will pay a proportion of such loss; meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

[Paragraph **(7)** of this Additional Coverage provides an example of this procedure.]

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of **Coverages A, B and C** of this Additional Coverage.

(3) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(4) The most we will pay, for the total of all covered losses is \$25,000 per building subject to a \$50,000 annual aggregate limit for all buildings for **Coverages A, B and C** combined. Subject to this Combined Limit of Insurance, the following payment provisions apply:

- (a) When there is a loss of value of an undamaged portion of a building to which **Coverage A** applies the loss payment for that building, including damaged and undamaged portions will be determined as follows:
  - i. If the Replacement Cost option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
    - (i) The amount you would actually spend to repair, rebuild, or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
    - (ii) The Limit of Insurance shown in the **Commercial Property Coverage Part Declarations** as applicable to the covered building.
  - ii. If the Replacement Cost Coverage Option applies and the property is **not** repaired or replaced, or if the Replacement Cost Coverage Option does **not** apply, we will not pay more than the lesser of:
    - (i) The actual cash value of the building at the time of the loss; or
    - (ii) The Limit of Insurance shown in the **Commercial Property Coverage Part Declarations** as applicable to the covered building.
- (b) For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.
- (c) With respect to the Increased Cost of Construction:
  - i. We will not pay for the increased cost of construction:
    - (i) Until the property is actually repaired or replaced, at the same or another premises; and
    - (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the last two years.
  - ii. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.
  - iii. If the ordinance or law requires relocation to another premise, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

(5) The terms of this Additional Coverage apply separately to each building to which this Additional Coverage applies.

(6) Under this Additional Coverage, we will not pay for loss due to any ordinance or law that:

- (a) You were required to comply with before the loss, even if the building was undamaged; and
- (b) You failed to comply with.

(7) Example of Proportionate Loss Payment for Ordinance Or Law Coverage Losses [procedure as set forth in Subparagraph (2)(c) above.]

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law **Coverage C** of this endorsement: \$60,000

## Step 1:

Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000/\$100,000 = .30$$

## Step 2:

Apply that proportion to the Ordinance Or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this Additional Coverage for the **Coverage C** loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under **Coverages A** and **B** of this Additional Coverage.

(8) The costs addressed in the Loss Payment (see Paragraph 4. in Section **E. Loss Conditions**) and Valuation Conditions [Paragraph 7. **Valuation** in Section **E. Loss Conditions** of the **Building And Personal Property Coverage Form (CP 00 10)** or Paragraph 8. **Valuation** in Section **E. Loss Conditions** of the **Condominium Association Coverage Form (CP 00 17)**, which ever coverage form is attached to this policy], and the Replacement Cost Optional Coverage (Paragraph 3. in Section **G. Optional Coverages**), in this policy, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage is not subject to such limitation.

The following provisions **g.**, **h.** and **i.** are added to Section **A.4. Additional Coverages**:

## FORGERY AND ALTERATION

### g. Forgery And Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of, any check, draft, promissory note, bill of exchange or similar written promise of payment in "money" that you or your agent has issued, or that was issued by someone who impersonates you or your agent.

(2) If you are sued for refusing to pay the check, draft, promissory note, bill of exchange or similar written promise of payment in "money", on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur in that defense.

(3) For the purpose of this Additional Coverage, check includes a substitute check as defined in the Check Clearing For The 21<sup>st</sup> Century Act, and will be treated the same as the original it replaced.

(4) The most we will pay for any loss, including legal expenses, under this Additional Coverage is \$2,500.

(5) With respect to this Additional Coverage only, the following exclusions are added:

- (a) Loss resulting from "theft" or any other dishonest act committed by:
  - i. You; or
  - ii. Any of your partners or "members", whether acting alone or in collusion with other persons.
- (b) Loss resulting from "theft" or any other dishonest act committed by any of your "employees", "managers", directors, trustees or authorized representatives:
  - i. Whether acting alone or in collusion with other persons; or
  - ii. While performing services for you or otherwise.
- (c) Loss that is an indirect result of any act or "occurrence" covered by this policy including, but not limited to, loss resulting from:
  - i. Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or "other property".
  - ii. Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this policy.
  - iii. Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this policy.

(6) With respect to this Additional Coverage only, the following definitions are added:

- (a) "Employee(s)" means:
  - i. Any natural person:
    - (i) While in your service (and for 30 days after termination of service);
    - (ii) Who you compensate directly by salary, wages or commissions; and

(iii) Whom you have the right to direct and control while performing services for you; or

- ii. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.

But "employee" does not mean any:

- i. Agent, broker, factor, commission, merchant, consignee, independent contractor or representative of the same general character.
- ii. Director or trustee except while performing acts coming within the scope of the usual duties of any "employee".

(b) "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.

(c) "Managers" means a person serving in a directoral capacity for a limited liability company.

(d) "Members" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".

(e) "Money" means:

- i. Currency, coins and bank notes in current use and having a face value; and
- ii. Traveler's checks, register checks and money orders held for sale to the public.

(f) "Other property" means any tangible property other than "money" and "securities" that has intrinsic value but does not include any property excluded under this policy.

(g) "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- i. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- ii. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

"Securities" does not include "money" or lottery tickets held for sale.

(h) "Theft" means the unlawful taking of "money", "securities" and "other property" to the deprivation of the Insured.

## FIRE EXTINGUISHER SYSTEMS RECHARGE EXPENSE

### h. Fire Extinguisher Systems Recharge Expense

- (1) We will pay the cost of recharging or replacing, whichever is less, your fire extinguishers and fire extinguishing systems (including hydrostatic testing if needed) if they are discharged on or within 100 feet of the described premises.
- (2) No coverage will apply if the fire extinguishing system is discharged during installation or testing.
- (3) No coverage is provided against direct physical loss or damage caused by leakage from your fire extinguishers and fire extinguishing equipment that is caused by earth movement, including earthquake.
- (4) The most we will pay under this Additional Coverage is \$2,500 in any one occurrence. This Additional Coverage does not increase the Limit of Insurance.

No Deductible applies to this Additional Coverage.

## PREPACKAGED SOFTWARE COVERAGE – PURCHASED BUSINESS SOFTWARE FOR YOUR OFFICE USE

### i. Prepackaged Software Coverage

If coverage is being provided under this policy for Your Business Personal Property, we will pay up to \$5,000 to replace your "prepackaged software" due to loss or damage caused by, or resulting directly or indirectly from, the introduction of a malicious code, program, virus, worm, Trojan Horse program, macro time or logic bomb or similar unauthorized instruction.

As respects this Coverage Extension, "prepackaged software" means software purchased by you from an unrelated outside business source for your internal use in support of your on-going business. This includes but is not limited to software for word processing, spreadsheets, graphics and drawing tools, scientific and engineering use, educational purposes and email systems. "Prepackaged software" does not include any software internally developed by you for your internal business use, as "stock" or for distribution to outside parties.

## 2. COVERAGE EXTENSIONS

Provisions **a.** through **e.** in Section **A.5. Coverage Extensions** are amended as follows:

### NEWLY ACQUIRED OR CONSTRUCTED PROPERTY

Paragraph **a. Newly Acquired Or Constructed Property** of Section **A.5. Coverage Extensions** is deleted and replaced by the following:

#### a. Newly Acquired Or Constructed Property

##### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

(a) Your new buildings while being built on the described premises; and

(b) Buildings you acquire at locations, other than the described premises, intended for:

- i. Similar use as the building described in the **Commercial Property Coverage Part Declarations**; or
- ii. Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$350,000 at each building.

##### (2) Your Business Personal Property

(a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- i. Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions.
- ii. Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in that **Commercial Property Coverage Part Declarations**; or

The most we will pay for loss or damage under this Extension is \$150,000 at each building.

(b) This Extension does not apply to:

- i. Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- ii. Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

##### (3) Period of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

(a) This policy expires;

(b) 60 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or

(c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

### PERSONAL EFFECTS AND PROPERTY OF OTHERS

Paragraph **b. Personal Effects And Property Of Others** of Section **A.5. Coverage Extensions** is deleted and replaced with the following:

#### b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$7,500 at each described premises, but not more than \$2,500 for any one item of property. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

Paragraph **c.(4)** in **Valuable Papers And Records (Other Than Electronic Data)** of Section **A.5. Coverage Extensions** is deleted and replaced with the following:

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$15,000 at each described premises, unless a higher limit is shown in the **Commercial Property Coverage Part Declarations**. Such amount is additional insurance.
- (5) We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

**PROPERTY OFF-PREMISES**

Subparagraph **d.(3)** in **Property Off-Premises** of Section **A.5. Coverage Extensions** is deleted and replaced by the following:

**d. Property Off-Premises**

- (3) The most we will pay for loss or damage under this Extension is \$20,000 each occurrence.

**OUTDOOR PROPERTY**

Paragraph **e. Outdoor Property** of Section **A.5. Coverage Extensions** is deleted and replaced by the following:

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), signs, trees, shrubs and plants (other than trees, shrubs, or plants (which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss:

- (1) For trees, shrubs, or plants:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotion; or
- (e) Aircraft.

The most we will pay for loss or damage for the property listed above under Subparagraph **e.(1)** is \$5,000 but not more than \$1,000 for any one tree, shrub, or plant.

- (2) For outdoor fences, radio and television antennas (including satellite dishes) and signs:

- (a) Fire;
- (b) Lightning;
- (c) Explosion;
- (d) Riot or Civil Commotion;
- (e) Aircraft;
- (f) Windstorm, if not excluded elsewhere in the policy;
- (g) Hail, if not excluded elsewhere in the policy;
- (h) Smoke;
- (i) Vehicles;
- (j) Vandalism;
- (k) Breakage of glass;
- (l) Falling objects;
- (m) Weight of snow, ice, or sleet;
- (n) Water damage; or
- (o) Collapse resulting from use of defective materials or methods in construction, remodeling or renovation if the collapse occurs during the course of construction, remodeling, or renovation.

The most we will pay for loss or damage for the property listed above under Subparagraph **e.(2)** is \$15,000.

- (3) For signs, the most we will pay for loss or damage caused by a covered cause of loss not listed in Paragraph **(2)** above is \$2,500 per sign in any one occurrence.

These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of this coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

The following provisions **g.** through **o.** are added to Section **A.5. Coverage Extensions:**

## ACCOUNTS RECEIVABLE

### **g. Accounts Receivable**

**(1)** If this policy covers Your Business Personal Property, this Extension extends that insurance to apply to accounts receivable.

We will pay as a result of direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable:

- (a)** All amounts due from your customers that you are unable to collect;
- (b)** Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c)** Collection expenses in excess of your normal collection expenses that are made necessary by loss of damage; and
- (d)** Other reasonable expenses that you incur to reestablish your records of accounts receivable;

**(2)** Coverage does not apply to:

- (a)** Records of account receivable in storage away from the described premises; or
- (b)** Contraband, or property in the course of illegal transportation or trade.

**(3)** If you give us written notice within 10 days of removal of your records of accounts receivable because of imminent danger of loss or damage, we will pay for loss or damage while they are:

- (a)** At a safe place away from the described premises;
- (b)** Being taken to and returned from that place.

**(4)** The most we will pay under this Extension for loss or damage in any one occurrence at the described premises is \$15,000.

**(5)** With respect to this Extension, the following Exclusions as stated in Section **B. Exclusions** in the **Causes of Loss – Special Form** apply:

- (a)** Paragraph **B.1.c. Governmental Action**;
- (b)** Paragraph **B.1.d. Nuclear Hazard**;
- (c)** Paragraph **B.1.f. War and Military Action**;
- (d)** Paragraph **B.2.i.**; and
- (e)** Paragraph **B.3.**

**(6)** Paragraph **B.2.h.** of the **Causes of Loss – Special Form** is deleted and replaced by the following:

**h.** Dishonest or criminal acts by you, anyone else with an interest in the property, or their employees or authorized representatives, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1)** Acting alone or in collusion with others; or
- (2)** Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered;

**(7)** With respect to this Extension, the following exclusions are added:

We will not pay for:

**(a)** Loss or damage caused by or resulting from:

- i.** Alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of money, securities, or other property;
- ii.** Bookkeeping, accounting or billing errors or omissions;
- iii.** Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
  - (i)** Programming errors or faulty machine instructions;
  - (ii)** Faulty installation or maintenance of data processing equipment or component parts;
  - (iii)** An occurrence that took place more than 100 feet from the described premises; or
  - (iv)** Interruption of electrical power supply, power surge, blackout or brownout if the cause of such occurrence took place more than 100 feet from the described premises.

But we will pay for direct loss or damage caused by lightning;

- v. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss; or
- vi. Unauthorized instructions to transfer property to any person or to any place.
- (b) Any loss or damage that requires any audit of records or any inventory computation to prove its factual existence;

## FINE ARTS

### h. Fine Arts

- (1) We will pay up to \$10,000 for a Covered Cause of Loss to your "fine arts." We will not however, pay for:
  - (a) Loss or damage sustained from any repair, restoration, or retouching process;
  - (b) Breakage of art glass windows, statuary, marble, glassware, bric-a-brac, porcelains, and similar fragile articles, unless caused by fire, lightning, aircraft, theft and or attempted theft, windstorm, earth movement, flood, explosion, vandalism, collision, derailment or overturn of conveyance; or
  - (c) Loss or damage to your "fine arts" while away from a covered location.
- (2) Loss or damage to "fine arts" will be valued at the time and place of loss as follows:
  - (a) The lesser of the:
    - i. Reasonable or necessary restoration or repair costs needed to return the damaged article(s) to its condition as of the time of loss; or
    - ii. Cost to replace the damaged article(s).
  - (b) In the event of the total loss of an article or articles which are part of a pair or set, we will pay you the full amount of the value of such set as determined in Subparagraph h. (2) (a) i. above and you will surrender the remaining article or articles of the set to us.
- (3) As respects this Extension only, "fine arts" means paintings; etchings; pictures; tapestries; rare or art glass windows; valuable rugs; statuary; sculptures; antique furniture; antique jewelry; bric-a-brac; porcelains; and similar property of rarity, historical value or artistic merit.

This Extension's limit is in addition to limits for fine arts coverage found elsewhere in the policy.

## ARSON REWARD

### i. Arson Reward

If one or more covered losses are caused by or result from a fire of a suspicious nature, we will reimburse you for up to \$10,000 each occurrence for the actual amount of the reward paid by you to an individual or individuals, provided:

- (1) The individual(s) report(s) the suspected arsonist to local law enforcement officials; and
  - (a) The arsonist is apprehended, brought to trial, and convicted of arson to your covered property; or
  - (b) The arsonist is apprehended, confesses and/or pleads guilty to arson to your covered property without going to trial.
- (2) Our reimbursement of this reward will not be increased by:
  - (a) The number of individuals reporting the arsonist(s); or
  - (b) The number of arsonists involved in the covered loss.

The maximum we will reimburse you for all occurrences of arson in any one policy year is \$20,000.

No Deductible applies to this Extension.

## THEFT OR VANDALISM REWARD

### j. Theft Or Vandalism Reward

Unless excluded elsewhere in this policy, if one or more covered losses are caused by or result from theft or vandalism, we will reimburse you for up to \$2,500 each occurrence for the actual amount of the reward paid by you to an individual or individuals, provided:

- (1) The individual(s) report(s) the suspected thief or thieves or vandal(s) to local law enforcement officials; and
  - (a) The thief or thieves or vandal(s) is (are) apprehended, brought to trial, and convicted of theft of or vandalism to your covered property; or
  - (b) The thief or thieves or vandal(s) is (are) apprehended, confesses and/or pleads guilty to the theft of or vandalism to your covered property without going to trial.
- (2) Our reimbursement of this reward will not be increased by:
  - (a) The number of individuals reporting the thief or thieves or vandal(s); or

**(b)** The number of thieves or vandals involved in the covered loss.  
 The maximum we will reimburse you for all occurrences of theft or vandalism in any one policy year is \$5,000.

No deductible applies to this Extension.

## LOCK AND KEY REPLACEMENT

### k. Lock And Key Replacement

(1) When a master key or grand master key is lost or damaged from a Covered Cause of Loss, we will pay the lesser of:

- (a) The actual cost to replace keys;
- (b) The cost to rekey or reprogram the current locks to accept new keys; or
- (c) When needed, new locks including the installation and reprogramming of the new locks.

The most we will pay in any one occurrence for this Extension is \$5,000.

## INSTALLATION COVERAGE

### I. Installation Coverage

We will pay up to \$15,000 in any one occurrence for direct physical loss or damage by a Covered Cause of Loss for Your Business Personal Property, or personal property of others, which you have sold under an installation agreement, if your responsibility continues until the purchaser accepts the installation. Installation coverage applies to any non-owned location within the Coverage Territory.

## TENANT'S BUILDING GLASS

### m. Tenant's Building Glass

(1) We will pay for direct physical loss of or damage to building glass at the building described in the **Commercial Property Coverage Part Declarations** caused by or resulting from a Covered Cause of Loss, provided that:

- (a) You are a tenant of the building described in the **Commercial Property Coverage Part Declarations**; and
- (b) You have a contractual responsibility to insure the building glass, or a contractual responsibility to pay for loss or damage to that property.

(2) The value of property covered under the **40+ AdvantagePAC** endorsement will be determined in accordance with Paragraph **7. Valuation** in Section **E. Loss Conditions** of the **Building And Personal Property Coverage Form (CP 00 10)** or Paragraph **8. Valuation** in Section **E. Loss Conditions** of the **Condominium Association Coverage Form (CP 00 17)** whichever coverage form is attached to this policy, or at the amount for which you are liable under contract, whichever is less. If required by law, glass is covered at the cost of replacement with safety glazing material. However, the most we will pay for the coverage provided under this Extension is \$15,000 each described building.

(3) With respect to this Extension, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds a \$250 Deductible. We will then pay the amount of loss excess of that Deductible, up to the applicable Limit of Insurance. No other Deductible in this policy applies to the coverage provided by this Extension.

## TENANT RELOCATION EXPENSE

### n. Tenant Relocation Expense (This provision is not applicable to "rented living quarters" located in the Commonwealth of Massachusetts)

When a "rented living quarters" in a building covered by this policy is made uninhabitable by a fire, this policy covers "relocation expense" incurred by the tenant or lawful occupant to relocate to other living quarters in the shortest possible time.

- (1) With respect to this Extension, our payment for "relocation expense" is limited to not more than \$750 per "rented living quarters" and not more than \$15,000 annual aggregate.
- (2) With respect to this Extension, the Deductible provisions of this policy do not apply to the "relocation expense" benefits.

- (3) With respect to this Extension:
  - (a) If at the time of the loss, the tenant or lawful occupant has other insurance that covers "relocation expense," we shall not be liable for any loss under this coverage until the liability of such other insurance has been exhausted.
  - (b) If you have other insurance that covers "relocation expense," payment under this policy will be prorated with such insurance for the smaller of the incurred "relocation expense" or \$750 all after application of the other insurance of the tenant or lawful occupant.
- (4) With respect to this Extension, the claims of all persons occupying the "rented living quarters" will be settled with and payment made to the tenant or lawful occupant renting the quarters from the building owners or lessor.
- (5) With respect to this Extension only, the following definitions apply:
  - (a) "Relocation expense" means documented, reasonable and necessary:
    - i. Costs of packing, insuring, storing and carting household goods;
    - ii. Costs of securing new utility services less refunds from discounted services at the damaged premises;
    - iii. Cost of searching for other quarters;
    - iv. Costs of disconnecting and reconnecting household appliances; or
    - v. Additional living expenses while searching for or awaiting possession of other quarters or the restoration of existing quarters; commencing with the date of damage to the covered building and not limited by the expiration date of this policy.
  - "Relocation expense" does not mean:
    - i. Loss caused by the termination of a lease or other agreement;
    - ii. Security deposits or other payments made to the landlord or lessor of other quarters; or
    - iii. Down payments, legal fees and closing costs incidental to the purchase of other quarters.
  - (b) "Rented living quarters" means a room, suite of rooms, or apartment or condominium that you rent to one or more persons as a single residential unit. "Rented living quarters" does not mean one or more rooms occupied by one or more persons as roomers in a hotel, motel, public or private lodging or rooming house where the premises are occupied on a transient basis.

## EMPLOYEE DISHONESTY

### **o. Employee Dishonesty**

- (1) We will pay for direct loss of or damage to Your Business Personal Property and "money" and "securities" resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you or your partner) with the intent to:
  - (a) Cause you to sustain loss or damage; and also
  - (b) Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other employee benefits earned in the normal course of employment) for:
    - i. Any "employee"; or
    - ii. Any other person or organization.
- (2) We will not pay for loss or damage:
  - (a) Resulting from any dishonest or criminal act that you, any of your partners, or any of your "members" commit whether acting alone or in collusion with any other persons.
  - (b) The only proof of which as its existence or amount is dependent upon,
    - i. An inventory computation; or
    - ii. A profit and loss computation.
 However, where you establish wholly apart from such computations that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of loss claimed.
  - (b) Resulting from an "employee" of yours or predecessor in interest of yours, for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.
  - (d) Resulting from trading, whether in your name or in a genuine or fictitious account.
  - (e) Resulting from fraudulent or dishonest signing, issuing, canceling, or failing to cancel, a warehouse receipt or any papers connected with it.
- (3) All loss or damage:
  - (a) Caused by one or more persons; or
  - (b) Involving a single act or series of related acts;
   
is considered one occurrence.

- (4) The most we will pay, under this Employee Dishonesty Coverage Extension, for loss or damage regardless of the number of claims or occurrences is \$10,000.
- (5) We will pay only for loss or damage you sustain through acts committed or events occurring during the policy period. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.
- (6) This Extension does not apply to any "employee" immediately upon discovery by:
  - (a) You; or
  - (b) Any of your partners, officers or directors not in collusion with the "employee"; of any dishonest act committed by that "employee" before or after being hired by you.
- (7) We will pay only for covered loss or damage discovered no later than one year from the end of the policy period.
- (8) If you (or any predecessor in interest) sustained loss or damage during the period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Extension, provided:
  - (a) This Extension became effective at the time of cancellation or termination of the prior insurance; and
  - (b) The loss or damage would have been covered by this Extension had it been in effect when the acts or events causing the loss or damage were committed or occurred.
- (9) The insurance under Subparagraph (8) above is part of, not in addition to, the Limit of Insurance applying to this Extension and is limited to the lesser of the amount recoverable under:
  - (a) This Extension as of its effective date; or
  - (b) The prior insurance had it remained in effect.
- (10) With respect to this Extension only, paragraph a. in Section **A.2. Property Not Covered** is deleted and replaced with the following:
  - a. Accounts, bills, currency, food stamps, notes or other evidences of debt.
- (11) With respect to this Extension only, Paragraph **2.h.** in Section **B. Exclusions** of the **Causes Of Loss – Special Form** does not apply.
- (12) With respect to this Extension only, we will not pay for loss or damage in any one occurrence until the amount of loss or damage exceeds a \$250 Deductible. We will then pay the amount of loss excess of that Deductible, up to the applicable Limit of Insurance. No other Deductible in this policy applies to the coverage provided by this Extension.
- (13) With respect to this Extension only, the following definitions apply:
  - (a) "Employee(s)" means:
    - i. Any natural person:
      - (i) While in your service (and for 30 days after termination of service);
      - (ii) Who you compensate directly by salary, wages or commissions; and
      - (iii) Whom you have the right to direct and control while performing services for you; or
    - ii. Any natural person employed by an employment contractor while that person is subject to your direction and control and performing services for you excluding, however, any such person while having care and custody of property outside the premises.

But "employee" does not mean any:

    - i. Agent, broker, factor, commission, merchant, consignee, independent contractor or representative of the same general character.
    - ii. Director or trustee except while performing acts coming within the scope of the usual duties of any "employee".
  - (b) "Manager" means a person serving in a directorial capacity.
  - (c) "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
  - (d) "Money" means:
    - i. Currency, coins and bank notes in current use and having a face value; and
    - ii. Traveler's checks, register checks and money orders held for sale to the public.

(e) "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:

- i. Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
- ii. Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you;

"Securities" does not include "money" or lottery tickets held for sale.

### 3. LIMITS OF INSURANCE

**Section C.** is hereby deleted and replaced by the following:

#### C. Limits of Insurance

1. The most we will pay for loss or damage in any one occurrence is applicable Limit of Insurance shown in the **Commercial Property Coverage Part Declarations**.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the **Commercial Property Coverage Part Declarations** for any other coverage.

- a. Fire Department Service Charge.
- b. Pollutant Clean Up and Removal.
- c. Electronic Data.
- d. Ordinance or Law.

Payments under the Paragraph **b. Preservation of Property** in Section **3. Additional Coverage** will not increase the applicable Limit of Insurance.

#### 2. Business Personal Property Limit – Seasonal Increase

- a. The Limit of Insurance for Your Business Personal Property will automatically increase by 25% to provide for seasonal variations.
- b. This increase will apply only if the Limit of Insurance shown for Your Business Personal Property in the **Commercial Property Coverage Part Declarations** is at least 100% of your average values during the lesser of:
  - (1) The 12 months immediately preceding the date the loss or damage occurs; or
  - (2) The period of time you have been in business as of the date the loss or damage occurs.

### 4. LOSS CONDITIONS

#### LOSS PAYMENT

Paragraph **4. Loss Payment** of Section **E. Loss Conditions** is deleted and replaced by the following:

#### 4. Loss Payment

- a. Except with respect to loss or damage provided under Paragraph **o. Employee Dishonesty** and Paragraph **g. Accounts Receivable** in Section **2. Coverage Extensions** of the **40+ AdvantagePAC** endorsement, the following condition applies:

- (1) In the event of loss or damage covered by Coverage Part, at our option, we will either:
    - (a) Pay the value of lost or damaged property;
    - (b) Pay the cost of repairing or replacing the lost or damaged property, subject to Subparagraph (2) below;
    - (c) Take all or any part of the property at an agreed or appraised value; or
    - (d) Repair, rebuild or replace the property with other property of like kind and quality, subject to Subparagraph (2) below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of Paragraph **7. Valuation** in Section **E. Loss Conditions** of the **Building And Personal Property Coverage Form (CP 00 10)** or any applicable provision that amends or supersedes Paragraph **7. Valuation**, or Paragraph **8. Valuation** in Section **E. Loss Conditions** of the **Condominium Association Coverage Form (CP 00 17)** or any applicable provision that amends or supersedes Paragraph **8**, which ever coverage form is attached to this policy.

- (2) The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- (3) We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- (4) We will not pay you more than your financial interest in the Covered Property.
- (5) We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- (6) We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- (7) We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
  - (a) We have reached agreement with you on the amount of loss; or
  - (b) An appraisal award has been made.
 If you are a condominium association and you name an insurance trustee, we will adjust losses with you, but we will pay the insurance trustee. If we pay the trustee, the payments will satisfy your claims against us.
- (8) A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

**b. Employee Dishonesty Condition**

With respect to coverage provided in Paragraph **o. Employee Dishonesty** in Section **4. Coverage Extensions** of the **40+ AdvantagePAC** endorsement, the following condition applies:

- (1) We will pay for:
  - (a) Loss of "money" but only up to and including its face value. We may, at our option, pay for loss of "money" issued by any country other than the United States of America:
    - i. At face value in the "money" issued by the country; or
    - ii. In the United States of America dollar equivalent determined by the rate of exchange on the day the loss was discovered.
  - (b) Loss of "securities" but only up to and including their value at the close of business on the day the loss was discovered. We may, at our option:
    - i. Pay the value of such "securities" or replace them in kind, in which event you must assign to us all your rights, title and interest in those "securities".
    - ii. Pay the cost of any Lost Securities Bond required in connection with issuing duplicates of those "securities". However, we will be liable only for the payment of so much of the cost of the bond as would be charged for a bond having a penalty not exceeding the lesser of the value of the "securities" at the close of business on the day the loss was discovered or the Limit of Insurance.
- (2) We may at our option pay for loss of, or loss from damage to property other than "money":
  - (a) In the "money" of the country in which the loss occurred; or
  - (b) In the United States of America dollar equivalent of the "money" of the country in which the loss occurred determined by the rate of exchange on the day the loss was discovered.
- (3) Any property that we pay for or replace becomes our property.

**c. Accounts Receivable Condition**

With respect to coverage provided in Paragraph **g. Accounts Receivable** in Section **4. Coverage Extensions** of the **40+ AdvantagePAC** endorsement, the following condition applies:

- (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
  - (a) We will determine the total of the average monthly amount of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and

(b) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.

(2) The following will be deducted from the total amount of accounts receivable, however that amount is established:

- (a) The amount of the accounts for which there is no loss or damage;
- (b) The amount of the accounts that you are able to re-establish or collect;
- (c) An amount to allow for probable bad debts that you are normally unable to collect; and
- (d) All unearned interest and service charges.

**B. COVERAGE AMENDMENTS TO THE BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM (CP 00 30) - [WHEN ATTACHED TO THE POLICY]**

**1. ADDITIONAL COVERAGES**

Subparagraphs (1)(b)(ii) and (2)(b)(ii) in **c. Extended Business Income** of Section **A.5. Additional Coverages** are deleted and replaced with the following:

- c.(1)(b)(ii) 90 consecutive days after the date determined in (1)(a) above.
- c.(2)(b)(ii) 90 consecutive days after the date determined in (2)(a) above.

**2. COVERAGE EXTENSION**

Paragraph **A.6. Coverage Extension** is deleted and replaced with the following:

**6. COVERAGE EXTENSION**

If a Coinsurance percentage of 50% or more is shown in the **Commercial Property Coverage Part Declarations**, you may extend the insurance provided by this Coverage Part as follows:

**NEWLY ACQUIRED LOCATIONS**

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Coverage Extension, for the sum of Business Income loss and Extra Expense incurred, is \$150,000 at each location.
- c. Insurance under this Coverage Extension for each newly acquired location will end when any of the following first occurs:
  - (1) This policy expires;
  - (2) 60 days expire after you acquire or begin to construct the property; or
  - (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Coverage Extension is additional insurance. The **Additional Condition, Coinsurance** does not apply to this Coverage Extension.

**3. OPTIONAL COVERAGES**

**EXTENDED PERIOD OF INDEMNITY**

Paragraph **4. Extended Period Of Indemnity** of section **E. Optional Coverages** is deleted and replaced by the following:

**3. Extended Period Of Indemnity**

Under Paragraph **A.5.c. Extended Business Income**, the number 90 in Subparagraphs (1)(b)(ii) and (2)(b)(ii) is replaced by the number shown in the **Commercial Property Coverage Part Declarations** for this Optional Coverage.

**C. COVERAGE AMENDMENTS TO THE BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM (CP 00 32) - [WHEN ATTACHED TO THE POLICY]**

**1. ADDITIONAL COVERAGES**

Subparagraphs (1)(b)(ii) and (2)(b)(ii) in **d. Extended Business Income** of Section **A.4. Additional Coverages** are deleted and replaced with the following:

d.(1)(b)(ii) 90 consecutive days after the date determined in (1)(a) above.

d.(2)(b)(ii) 90 consecutive days after the date determined in (2)(a) above.

**2. COVERAGE EXTENSION**Paragraph A.5. **Coverage Extension** is deleted and replaced with the following:**5. COVERAGE EXTENSION**

If a Coinsurance percentage of 50% or more is shown in the **Commercial Property Coverage Part Declarations**, you may extend the insurance provided by this Coverage Part as follows:

**NEWLY ACQUIRED LOCATIONS**

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Coverage Extension, for the sum of Business Income loss and Extra Expense incurred, is \$150,000 at each location.
- c. Insurance under this Coverage Extension for each newly acquired location will end when any of the following first occurs:

- (1) This policy expires;
- (2) 60 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

This Coverage Extension is additional insurance. The **Additional Condition, Coinsurance** does not apply to this Coverage Extension.

**3. OPTIONAL COVERAGES****EXTENDED PERIOD OF INDEMNITY**Paragraph 4. **Extended Period Of Indemnity** of section **E. Optional Coverages** is deleted and replaced by the following:**4. Extended Period of Indemnity**

Under Paragraph A.4.d. **Extended Business Income**, the number 90 in Subparagraphs (1)(b)(ii) and (2)(b)(ii) is replaced by the number shown in the **Commercial Property Coverage Part Declarations** for this Optional Coverage.

**D. COVERAGE AMENDMENTS TO THE CAUSES OF LOSS – SPECIAL FORM (CP 10 30)****1. EXCLUSIONS**a. Paragraph a. **Ordinance or Law** of Section **B. Exclusions** is deleted.b. Paragraph 2.h. (dishonest or criminal acts) of Section **B. Exclusions** is deleted and replaced by the following:

h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees, authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.
- (3) Does not apply to Paragraph o. **Employee Dishonesty** of Section **4. Coverage Extensions** in the **40+ AdvantagePAC** endorsement.

2. ADDITIONAL COVERAGE EXTENSIONS

**PROPERTY IN TRANSIT**

Paragraph 1. **Property In Transit** of Section **F. Additional Coverage Extensions** is deleted and replaced by the following:

**1. Property In Transit**

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control or your salespersons) in transit more than 100 feet from the described premises.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the road bed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for the loss or damage under this Additional Coverage Extension is:
  - (1) \$15,000 for property in or on a motor vehicle you own, lease or operate; or
  - (2) \$2,500 for property in or on a motor vehicle you do not own, lease or operate while used in your business or personal affairs,  
while between points in the Coverage Territory.

This Additional Coverage Extension is additional insurance. The **Additional Condition, Coinsurance**, does not apply to this Additional Coverage Extension.

**A. COVERAGE AMENDMENTS TO THE COMMERCIAL GENERAL LIABILITY COVERAGE FORM – OCCURRENCE VERSION (CG 00 01)**

**1. EXCLUSIONS**

Provisions a., g. and j. in Subsection **2. Exclusions** of **Coverage A Bodily Injury and Property Damage Liability (SECTION I)** are deleted and replaced by the following:

**EXPECTED OR INTENDED INJURY OR DAMAGE**

Paragraph a. **Expected Or Intended Injury** of Subsection **2. Exclusions** is deleted and replaced by the following:

(This insurance does not apply to:)

**a. Expected Or Intended Or Damage**

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

**AIRCRAFT, AUTO OR WATERCRAFT EXCLUSION**

Subparagraph (2) of Paragraph g. **Aircraft, Auto Or Watercraft** of Subsection **2. Exclusions** is deleted and replaced by the following:

**g. Aircraft, Auto Or Watercraft**

(This exclusion does not apply to:)

(2) A watercraft you do not own that is:

- (a) Less than 51 feet long; and
- (b) Not being used to carry persons or property for a charge.

**DAMAGE TO PROPERTY EXCLUSION**

The following subparagraph is added to the end of Paragraph j. **Damage To Property** of Subsection **2. Exclusions**:

Subparagraph (4) does not apply to "property damage" to "customer's goods" while on your premises. A sub-limit of \$10,000 each "occurrence" applies to this limited exception. This sub- limit is part of and not in addition to the General Aggregate Limit shown in the **Commercial General Liability Coverage Part Declarations**.

With respect to this Exclusion only, "customer's goods" means goods of your customers on your premises for the purpose of being:

- (a) Repaired; or
- (b) Used in your manufacturing process.

**2. SUPPLEMENTARY PAYMENTS - COVERAGES A AND B**

The following provision in **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B (SECTION I)** are amended as follows:

a. Paragraphs 1.b. and 1.d. in **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** are deleted and replaced by the following:

(We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:)

- b. Up to \$2,500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

b. The last subparagraph in subsection 1. in **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B** is deleted and replaced by the following:

These payments will not reduce the limits of insurance and do not apply to the **COVERAGE D PRIVACY AND INFORMATION SECURITY THIRD PARTY NOTIFICATION AND OUTSIDE CONSULTANT SERVICES EXPENSE REIMBURSEMENT** coverage provided by the 40+ AdvantagePAC endorsement.

### 3. ADDITIONAL COVERAGES

The following provision is added to **SECTION I – COVERAGES:**

#### **COVERAGE D PRIVACY AND INFORMATION SECURITY THIRD PARTY NOTIFICATION AND OUTSIDE CONSULTANT SERVICES EXPENSE REIMBURSEMENT**

- a. We will reimburse an insured up to \$5,000 in the aggregate in any single policy year for covered Privacy and Information Security "third party notification expense" and outside consultants' or firms' service fees/costs incurred.

To establish what General Star policy year applies, our reimbursement will be based on the General Star policy period when the first loss, disclosure or dissemination of an insured's confidential data is deemed to have occurred. This is regardless of any continuation or resumption of such loss, disclosure or dissemination of an insured's confidential data over more than one General Star policy period and is regardless of when any Privacy and Information Security related claim or "suit" is first reported or notification sent, it is deemed to be a single "occurrence".

Any "third party notification expense" must be required by applicable State or Federal Privacy statutes and must result from the disclosure or dissemination of confidential data as a result of an insured's act, error or omission.

We will cover the fees/costs incurred by outside consultants or firms to:

- (1) Mitigate, prevent, or decrease the possibility of further loss as a result of "electronic data damages";
- (2) Investigate and verify the cause, amount or extent of "electronic data damages"; or
- (3) Contain, eradicate and recover the loss, disclosure or dissemination of confidential data as a result of "electronic data damages".

"Third party notification expense" and "electronic data damages" must be incurred by you during the policy period shown in the **Commercial General Liability Coverage Part Declarations**; provided further that the \$5,000 Privacy and Information Security "third party notification expense" is the maximum aggregate amount payable during the policy period regardless of the number of:

- (1) Insureds;
- (2) "Occurrences", offenses, incidents of loss, disclosure or dissemination of confidential information; or
- (3) Persons or organizations identified as victims.

No Deductible applies to this coverage. The \$5,000 amount of this **Coverage D** will erode the General Aggregate Limit shown in the **Commercial General Liability Coverage Part Declarations**. No payment or reimbursement by us for damages associated with any privacy and information security claim or "suit" is covered under this **Coverage D**.

This insurance applies to privacy and information security "third party notification expense" and outside consultant expenses only if, prior to the policy period, no insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the act, error, or omission had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the act, error, or omission occurred, then any continuation, change or resumption of such act, error, or omission during or after the policy period will be deemed to have been known prior to the policy period.

- b. With respect to the coverage provided in Paragraph a. above, the following exclusions apply in addition to those found elsewhere in this policy.

We will not pay any Privacy and Information Security "third party notification expense" based on or arising out of:

- (1) Any malfunction or defect of a "network communications system".
- (2) Any electrical failure including electrical power interruption, surge, brownout or blackout.
- (3) Any interruptions or outages to gas, water, telephone, cable or satellite service furnished by utility companies.

- (4) Any breach of contract, warranty or guarantee. This exclusion does not apply to liability for damages that an insured would have had in the absence of the contract, warranty or guarantee.
- (5) Any infringement of copyright, patent, trademark, trade secret or other intellectual property rights.

c. With respect to the coverage provided by this **Coverage D**, the following definitions apply in addition to those found elsewhere in this policy:

- (1) "Electronic data damages" means damages arising out of an authorized, third party's:
  - (a) Destruction or addition or deletion of "electronic data" that was entrusted to an insured by others and that was resident on your "network communications system";
  - (b) Copying or theft of any electronic data resident on "network communications system"; or
  - (c) Use or alteration of any software resident on "network communications systems".
 As used in paragraph, "electronic data" means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- (2) "Network communications system" means any or all of the components, owned and/or controlled by you, including computers and software, which combine with your computers to communicate electronically with other computer systems.
- (3) "Third party notification expense" means all costs associated with the notification of current or previous clients or other parties including reasonable and necessary legal fees incurred in connection with such notification.

d. With respect to the coverage provided in this Additional Coverage, Paragraph **17. Exclusion – Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability** of the **Commercial General Liability Combined Provisions Endorsement** (GSI-04-AP600) does not apply.

#### 4. SECTION II - WHO IS AN INSURED

The following provisions 4. and 5. are added to **SECTION II – WHO IS AN INSURED**

##### **AUTOMATIC ADDITIONAL INSURED - MANAGERS OR LESSORS OF PREMISES – BY CONTRACT, AGREEMENT OR PERMIT**

- 4. a. Any person or organization from whom you rent or lease, or have permission to occupy, premises when you and such person or organization have agreed in a written contract, agreement or by permit that such person or organization be added as an additional insured on your policy but only with respect to liability for "bodily injury", "property damage" or "personal or advertising injury" arising out of the ownership, maintenance or use of that part of the premises rented or leased to or occupied by you provided the written contract or agreement has been executed or permit has been issued prior to the "bodily injury", "property damage", or "personal and advertising injury".
- b. The person or organization qualifying as an additional insured under this provision is an additional insured on the later of the following dates:
  - (1) The agreed upon date in the written contract, agreement or permit that such person or organization be an additional insured on your policy provided you execute the written contract or agreement or the permit is issued prior to the agreed upon date;
  - (2) The date the written contract or agreement is executed or permit is issued; or
  - (3) The effective date of this policy.

The insurance afforded these additional insureds, the following exclusions apply:

- a. Any "occurrence" or offense which takes place after you cease to be a tenant in that premises.
- b. Any "bodily injury", "property damage", or "personal and advertising injury" arising out of structural alterations, new construction or demolition operations performed by or on behalf of the person or organization.
- c. Any "bodily injury", "property damage", or "personal and advertising injury" arising out of the sole negligence of the additional insured manager or lessor.

#### **AUTOMATIC ADDITIONAL INSURED - LESSORS OF LEASED EQUIPMENT**

5. a. Any person or organization from whom you lease equipment when you and such person or organization have agreed in a written contract or agreement that such person or organization be added as an additional insured on your policy but only with respect to liability for "bodily injury", "property damage" or "personal or advertising injury" caused, in whole or in part, by your maintenance, operation, or use of equipment leased to you by such person or organization provided the written contract or agreement has been executed or permit has been issued prior to the "bodily injury", "property damage" or "personal and advertising injury".  
b. The person or organization qualifying as an additional insured under this provision is an additional insured on the later of the following dates:
  - (1) The agreed upon date in the written contract or agreement that such person or organization be an additional insured on your policy provided you execute the written contract or agreement prior to the agreed upon date;
  - (2) The date the written contract or agreement is executed; or
  - (3) The effective date of this policy.  
c. A person's or organization's status as an additional insured under this provision ends when their contract or agreement with you for such leased equipment ends.  
d. With respect to the insurance afforded these additional insureds, the insurance does not apply to any "occurrence" or offense which takes place after the equipment lease expires.

#### **5. CONDITIONS**

The following provision is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:**

#### **LIBERALIZATION PROVISION**

##### **10. Liberalization**

If we adopt any revision that would broaden the coverage under the **Commercial General Liability Coverage Part** without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to the **Commercial General Liability Coverage Part**.

# COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section **II** – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **V** – Definitions.

## SECTION I – COVERAGES

### COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

#### 1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

- b. This insurance applies to "bodily injury" and "property damage" only if:
  - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
  - (2) The "bodily injury" or "property damage" occurs during the policy period; and
  - (3) Prior to the policy period, no insured listed under Paragraph **1**. of Section **II** – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph **1**. of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph **1**. of Section **II** – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
  - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
  - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
  - (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

## 2. Exclusions

This insurance does not apply to:

### a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

### b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
  - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
  - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged

### c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

### d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

### e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
  - (a) Employment by the insured; or
  - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

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**f. Pollution**

- (1)** "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
  - (a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply:
    - (i)** "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
    - (ii)** "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
    - (iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
  - (b)** At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
  - (c)** Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
    - (i)** Any insured; or
    - (ii)** Any person or organization for whom you may be legally responsible; or

- (d)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
  - (i)** "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
  - (ii)** "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
  - (iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
- (e)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

#### **g. Aircraft, Auto Or Watercraft**

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
  - (a) Less than 26 feet long; and
  - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
- (b) the operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

#### **h. Mobile Equipment**

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

#### **i. War**

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

#### **j. Damage To Property**

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;

- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

#### **k. Damage To Your Product**

"Property damage" to "your product" arising out of it or any part of it.

#### **l. Damage To Your Work**

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

#### **m. Damage To Impaired Property Or Property Not Physically Injured**

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

#### **n. Recall Of Products, Work Or Impaired Property**

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

#### **o. Personal And Advertising Injury**

"Bodily injury" arising out of "personal and advertising injury".

#### **p. Electronic Data**

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

#### **q. Distribution Of Material In Violation Of Statutes**

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

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Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

## **COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**

### **1. Insuring Agreement**

**a.** We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1)** The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and
- (2)** Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

**b.** This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

### **2. Exclusions**

This insurance does not apply to:

#### **a. Knowing Violation Of Rights Of Another**

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

#### **b. Material Published With Knowledge Of Falsity**

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

#### **c. Material Published Prior To Policy Period**

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

#### **d. Criminal Acts**

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

#### **e. Contractual Liability**

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

#### **f. Breach Of Contract**

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

#### **g. Quality Or Performance Of Goods – Failure To Conform To Statements**

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

#### **h. Wrong Description Of Prices**

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

#### **i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

#### **j. Insureds In Media And Internet Type Businesses**

"Personal and advertising injury" committed by an insured whose business is:

- (1)** Advertising, broadcasting, publishing or telecasting;
- (2)** Designing or determining content of websites for others; or

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- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a., b. and c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

#### **k. Electronic Chatrooms Or Bulletin Boards**

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

#### **I. Unauthorized Use Of Another's Name Or Product**

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

#### **m. Pollution**

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

#### **n. Pollution -Related**

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

#### **o. War**

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

#### **p. Distribution Of Material In Violation Of Statutes**

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

### **COVERAGE C MEDICAL PAYMENTS**

#### **1. Insuring Agreement**

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:
  - (1) On premises you own or rent;
  - (2) On ways next to premises you own or rent; or
  - (3) Because of your operations;

provided that:

  - (a) The accident takes place in the "coverage territory" and during the policy period;
  - (b) The expenses are incurred and reported to us within one year of the date of the accident; and
  - (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.
- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:
  - (1) First aid administered at the time of an accident;
  - (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
  - (3) Necessary ambulance, hospital, professional nursing and funeral services.

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## 2. Exclusions

We will not pay expenses for "bodily injury":

### a. Any Insured

To any insured, except "volunteer workers".

### b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

### c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

### d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

### e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

### f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

### g. Coverage A Exclusions

Excluded under Coverage A.

## SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:
  - a. All expenses we incur.
  - b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
  - c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
  - d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
  - e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

### (1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

### (2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and

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**(b)** Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

## SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
  - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
  - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
  - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
  - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
  - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

- (1) "Bodily injury" or "personal and advertising injury":
  - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
  - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
  - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs (1)(a) or (b) above; or
  - (d) Arising out of his or her providing or failing to provide professional health care services.
- (2) "Property damage" to property:
  - (a) Owned, occupied or used by,
  - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- c. Any person or organization having proper temporary custody of your property if you die, but only:
  - (1) With respect to liability arising out of the maintenance or use of that property; and
  - (2) Until your legal representative has been appointed.
- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

### SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
  - a. Insureds;
  - b. Claims made or "suits" brought; or
  - c. Persons or organizations making claims or bringing "suits".
2. The General Aggregate Limit is the most we will pay for the sum of:
  - a. Medical expenses under Coverage **C**;
  - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
  - c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
  - a. Damages under Coverage **A**; and
  - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

### SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

#### 1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

#### 2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
  - (1) How, when and where the "occurrence" or offense took place;
  - (2) The names and addresses of any injured persons and witnesses; and

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- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
  - (1) Immediately record the specifics of the claim or "suit" and the date received; and
  - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
  - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
  - (2) Authorize us to obtain records and other information;
  - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
  - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

### 3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

### 4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

#### a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

#### b. Excess Insurance

- (1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
  - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
  - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
  - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
  - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section I – Coverage **A** – Bodily Injury And Property Damage Liability.

- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

- (2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:
  - (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
  - (b) The total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

#### c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

#### 5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

#### 6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us; and

- c. We have issued this policy in reliance upon your representations.

#### 7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

#### 8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

#### 9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

#### SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
  - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
  - b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
  - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
  - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".



3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.

4. "Coverage territory" means:

- a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
- b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
- c. All other parts of the world if the injury or damage arises out of:
  - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
  - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
  - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.

7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.

8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:

- a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
- b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

**10.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

**11.** "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

**12.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
  - (1) Power cranes, shovels, loaders, diggers or drills; or
  - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
  - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
  - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

**(1)** Equipment designed primarily for:

- (a) Snow removal;
- (b) Road maintenance, but not construction or resurfacing; or
- (c) Street cleaning;

**(2)** Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

**(3)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

**13.** "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

**14.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

**15.** "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

**16.** "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
  - (a) When all of the work called for in your contract has been completed.
  - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
  - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

**17.** "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

**18.** "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**19.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

**20.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

**21.** "Your product":

a. Means:

(1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:

- (a) You;
- (b) Others trading under your name; or
- (c) A person or organization whose business or assets you have acquired; and

(2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

**22. "Your work":**

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

DEF000330

**GENERAL STAR INDEMNITY COMPANY**

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**CLASSIFICATION LIMITATION**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART**

This policy does not apply to any damages for which the insured is legally liable, or costs or expenses, arising out of, resulting from, caused or contributed to by any operation or activity that is not described by a CLASSIFICATION shown under item 3. of the Declarations other than operations performed by others hired by you that are in connection with an operation described by a CLASSIFICATION in the Declarations.

DEF000331

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**40+ AdvantagePAC™  
AdvantagePAC +7**

**COMMERCIAL GENERAL LIABILITY COMBINED PROVISIONS ENDORSEMENT**

This endorsement modifies insurance provided under the following:

**COMMERCIAL GENERAL LIABILITY COVERAGE PART**

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**1. SECTION II – WHO IS AN INSURED**

The following provisions 6., 7. and 8. are added to **SECTION II – WHO IS AN INSURED**

**AUTOMATIC ADDITIONAL INSURED – VENDORS**

6. a. Any of your vendors located in the United States of America (including its territories and possessions), Puerto Rico and Canada with whom you have agreed in writing in a contract or agreement or received a written request or written insurance specifications, including email or fax requiring you to add as an additional insured on your policy, but only with respect to "bodily injury", "property damage" or "personal or advertising injury" arising out of "your products", which are distributed or sold in the regular course of the vendor's business, covered by this policy.

b. With respect to the insurance afforded these additional insureds, the following exclusions apply:

- (1) "Bodily injury", "property damage" or "personal and advertising injury" for which the vendor is obligated to pay damages by reason of the assumption of liability in a written contract or written agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of written contract or written agreement;
- (2) Any express warranty unauthorized by you;
- (3) Any physical or chemical change in the product made intentionally by the vendor;
- (4) Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container.
- (5) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;

(2) Your duties in the event of an "occurrence", offense, claim or "suit" apply irrespective of the application of the deductible amount.

d. We may pay any or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

e. The above deductible amount does not apply to salaries and expenses of our own "employee(s)".

f. The above deductible provisions do not apply to any coverage shown in:

(1) **A. Coverage Amendments To The Commercial General Liability Coverage Form – Occurrence Version (CG 00 01)** of the **40+ AdvantagePAC** endorsement; or

(2) **A. Coverage Amendments To The Commercial General Liability Coverage Form – Occurrence Version (CG 00 01)** of the **AdvantagePAC +7** endorsement (if this endorsement is made part of the policy)

that is not subject to application of a deductible amount.

### 3. PREMIUM BASIS DESIGNATION

The Premium Bases shown on the **Declarations Page** and identified by key letter in parentheses applies as follows:

KEY LETTER	PREMIUM BASE	HOW RATES APPLY
(a)	Area	Per 1,000 square feet
(c)	Total Cost	Per \$1,000 of total cost
(m)	Admissions	Per 1,000 admissions
(p)	Payroll	Per \$1,000 of payroll
(s)	Gross Sales	Per \$1,000 of gross sales
(t)	Other	Describe _____
(u)	Units	Per unit (describe) _____

These premium bases are as outlined in the Insurance Services Office's Commercial Lines Manual Classification Table and Division Six General Liability Sections unless otherwise indicated in the policy. Nothing herein contained shall be held to vary, waive, alter or extend any of the terms, conditions, agreements or declarations of the policy other than herein stated.

### 4. EXCLUSION - TOTAL POLLUTION WITH HOSTILE FIRE EXCEPTION

Paragraph **f. Pollution** in Subsection **2. Exclusions of SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and Paragraphs **m. Pollution** and **n. Pollution-Related** in Subsection **2. Exclusions of SECTION 1 – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY** are deleted and replaced by the following:

This policy does not apply to any damages because of "bodily injury", "property damage" or "personal or advertising injury" for which the insured is legally liable, or costs or expenses arising out of, resulting from, caused or contributed to by:

a. The actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

This exclusion does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:

(1) At any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste; or

**(2)** At any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, "pollutants".

**b.** Any loss, cost or expense arising out of any:

**(1)** Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or

**(2)** Claim or "suit" by or on behalf of a governmental authority or others for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of "pollutants".

**c.** Any actual or alleged; breach of duty, negligent act, error or omission, or any insured or of any person for whose acts any insured is legally liable which results in damages, loss, cost or expense as described in Paragraph **a.** or **b.** above.

This exclusion applies whether or not such damages, costs or expenses arise out of, result from are caused or contributed by any "bodily injury", "property damage" or "personal and advertising injury" which may be included within the "products-completed operations hazard".

## **5. EXCLUSION – EMPLOYER'S LIABILITY – EMPLOYEE, VOLUNTEER WORKER, CASUAL WORKER, AND TEMPORARY WORKER**

Paragraph **e. Employer's Liability** in Subsection **2. Exclusions** of **SECTION I - COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** is deleted and replaced by the following:

### **e. Employer's Liability**

"Bodily injury" to:

**(1)** **(a)** Any "employee", "volunteer worker", "casual worker" or "temporary worker" of any insured;

**(b)** Any contractor, hired or retained by or for any insured; or

**(c)** Any "employee", "volunteer worker", "casual worker" or "temporary worker" of such contractor,

arising out of and in the course of:

**(d)** Employment by any insured; or

**(e)** Performing duties related to the conduct of any insured's business; or

**(2)** The spouse, child, parent, brother or sister of that:

**(a)** "Employee", "volunteer worker", "casual worker" or "temporary worker" of any insured;

**(b)** Contractor, hired or retained by or for any insured; or

**(c)** "Employee", "volunteer worker", "casual worker" or "temporary worker" of such contractor,

as a consequence of Paragraph **e.(1)** above.

This exclusion applies:

**(3)** Whether any insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the "bodily injury";

**(4)** To all claims or "suits" by any person or organization for damages of "bodily injury" including damages for care and loss of services;

**(5)** To "bodily injury" to any worker whose activities are related to the job(s) or project(s) and the job or project location(s) at which they are performed; or

(6) To any liability assumed under any contract,

as a consequence of Paragraph e.(1) above.

For the purpose of this exclusion, the following definition is added:

(1) "Casual worker" means:

- (a) A person, other than a person furnished to you by a labor union, who acts at the direction of and within the scope of duties determined by any insured, and is employed by any insured for a short time and for a limited and temporary purpose; or
- (b) A person for whom any insured, or a labor leasing firm acting on behalf of any insured, does not withhold federal income taxes and pay federal unemployment tax.

## 6. EXCLUSION – RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW

Exclusion q. **Distribution Of Material In Violation Of Statutes** in Subsection 2. **Exclusions** of **SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGES LIABILITY** and Exclusion p. **Distribution Of Material In Violation Of Statutes** in Subsection 2. **Exclusions** of **SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY** are deleted and replaced by the following:

### Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury", "property damage" or "personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

## 7. EXCLUSIONS - INFRINGEMENT OR DILUTION OF INTELLECTUAL PROPERTY RIGHTS OR MISAPPROPRIATION, USE OR DISCLOSURE OF TRADE SECRETS; BREACH OF CONTRACT

a. The following exclusion is added to Subsection 2. **Exclusions** of **SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This policy does not apply to any damages because of "bodily injury" or "property damage" for which any insured is legally liable, or costs or expenses, arising out of, resulting from, caused or contributed to by:

- (1) Any alleged or actual infringement or dilution of intellectual property rights, including, but not limited to, copyright, title, slogan, patent, service name, service mark, trade name, trademark, trade dress;
- (2) Any alleged or actual misappropriation, use or disclosure of trade secrets;
- (3) Any alleged or actual unfair competition, plagiarism, piracy, or wrongful appropriation of ideas;
- (4) Any alleged or actual unfair or otherwise wrongful use of another's written, filmed, broadcast, photographed, taped or recorded material;
- (5) Any alleged or actual unfair or deceptive trade practice(s); or
- (6) Any alleged or actual violation of the right of publicity, or wrongful appropriation of name, likeness or persona.

b. Paragraph f. **Breach Of Contract** and Paragraph i. **Infringement of Copyright, Patent, Trademark Or Trade Secret** of Subsection 2. **Exclusions** in **SECTION I - COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY** are deleted and replaced by the following:

**f. Breach of Contract**

"Personal and advertising injury" arising out of, resulting from, caused by, contributed to by, or also constituting a breach of contract.

**i. Infringement Of Copyright, Patent, Trademark Or Trade Secret**

"Personal and advertising injury" arising out of, resulting from, caused by, contributed to by, or otherwise constituting:

- (1) Any alleged or actual infringement or dilution of intellectual property rights, including, but not limited to, copyright, title, slogan, patent, service name, service mark, trade name, trademark, trade dress;
- (2) Any alleged or actual misappropriation, use or disclosure of trade secrets;
- (3) Any alleged or actual unfair competition, plagiarism, piracy, or wrongful appropriation of ideas;
- (4) Any alleged or actual unfair or otherwise wrongful use of another's written, filmed, broadcast, photographed, taped or recorded material;
- (5) Any alleged or actual unfair or deceptive trade practice(s); or
- (6) Any alleged or actual violation of the right of publicity, or wrongful appropriation of name, likeness or persona.

c. With respect to Items **7.a.** and **7.b.** above, this policy does not apply to intellectual property rights violation, as described in Subparagraphs **(1)** through **(6)** of Item **7.a.** or Paragraph **i. Infringement Of Copyright, Patent, Trademark Or Trade Secret** of Item **7.b.**, for which any insured is legally liable, or costs or expenses, arising out of, resulting from, caused by, contributed to by, or otherwise constituting any "suit", demand, order, decree, judgment or proceeding entered against any insured, on or prior to the effective date of this policy, based upon or arising the same or substantially similar fact, circumstance or situation underlying or alleged therein.

## **8. EXCLUSION - ASBESTOS LIABILITY**

The following exclusion is added to Subsection **2. Exclusions** of **SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions** of **SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This policy does not apply to damages because of "bodily injury", "property damage" or "personal or advertising injury" for which the insured is legally liable, or costs or expenses, arising directly or indirectly out of, resulting from, cause or contributed to by:

- a. The use of, sale of, installation of, removal of, abatement of, distribution of, containment of, or exposure to asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
- b. The actual or threatened abatement, mitigation, removal or disposal of asbestos, asbestos products, asbestos-containing material, asbestos fibers, or asbestos dust;
- c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with Paragraph a. or b. above; or
- d. Any obligation of the insured to indemnify or contribute with any party in connection with Paragraph a., b. or c. above.

## **9. EXCLUSION - EMPLOYMENT-RELATED PRACTICES LIABILITY**

The following exclusion is added to Subsection **2. Exclusions** of **SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions** of **SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This insurance does not apply to any damages because of "bodily injury" or "personal and advertising injury" to:

- a. A person arising out of any:
  - (1) Refusal to employ that person;
  - (2) Termination of that person's employment; or

- (3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- b. The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Subparagraph a. (1), (2), or (3) above is directed.

This exclusion applies:

- (a) Whether the injury-causing event described in Subparagraph a. (1), (2) or (3) above occurs before employment, during employment or after employment of that person;
- (b) Whether the insured may be liable as an employer or in any other capacity; and
- (c) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

## 10. EXCLUSION - LEAD

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This policy does not apply to damages because of "bodily injury", "property damage" or "personal and advertising injury" for which the insured is legally liable, or costs or expenses, arising out of, resulting from, caused or contributed to by:

- a. The toxic or pathological properties of lead, lead compounds or lead contained in any materials;
- b. The abatement, mitigation, removal or disposal of lead, lead compounds or materials containing lead;
- c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with Paragraph a. or b. above; or
- d. Any obligation to share damages with or repay anyone else who must pay damages in connection with Paragraph a., b. or c. above.

## 11. EXCLUSION – SILICA

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**

This policy does not apply to damages because of "bodily injury", "property damage" or "personal and advertising injury" for which the insured is legally liable, or costs or expenses, arising out of, resulting from, caused by or contributed to by, in whole or in part, the actual, alleged, threatened or suspected inhalation of, congestion of, contact with, exposure to existence of, or presence of:

- a. "Silica", "silica-related dust", exposure to silica or the use of silica;
- b. Any claim or "suit" by or on behalf of any governmental authority or any other party involving a request, demand, order or statutory or regulatory requirement regarding:
  - (1) Assessing the presence, absence or amount or effects of "silica" or "silica-related dust";
  - (2) Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, neutralizing, treating, detoxifying, remediating, neutralizing, abating, disposing of or mitigating silica; or

- (3)** Responding to "silica" or "silica-related dust" in any way other than as described in Subparagraphs **b.(1)** and **b.(2)** above;
- c.** Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with Paragraph **a.** or **b.** above; or
- d.** Any obligation of the insured to indemnify or contribute with any party in connection with Paragraph **a.**, **b.** or **c.** above.

For the purpose of this exclusion, the following definitions are added:

- (a)** "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
- (b)** "Silica-related dust" means a mixture or combination of silica and other dust or particles.

## **12. EXCLUSION - FUNGUS(ES) AND SPORE(S)**

The following exclusion is added to Subsection 2. **Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection 2. **Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY:**

This policy does not apply to damages because of "bodily injury", "property damage" or "personal and advertising injury" for which the insured is legally liable, or costs or expenses, arising out of, resulting from, caused or contributed to by:

- a.** Any "fungus(es)" or "spore(s)";
- b.** Any solid, liquid, vapor, or gas produced by or arising out of any "fungus(es)" or "spore(s)";
- c.** Any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any "fungus(es)" or "spore(s)";
- d.** Any intrusion, leakage, or accumulation of water or any other liquid that contains, harbors, nurtures or acts as a medium for "fungus(es)" or "spore(s)";
- e.** The actual or threatened abatement, mitigation, removal or disposal of "fungus(es)" or "spore(s)" or any material, product, building component, or building structure that contains, harbors, nurtures or acts as a medium for any "fungus(es)" or "spore(s)";
- f.** Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with Paragraph **a.**, **b.**, **c.**, **d.** or **e.** above; or
- g.** Any obligation of the insured to indemnify or contribute with any party in connection with Paragraph **a.**, **b.**, **c.**, **d.**, **e.** or **f.** above.

The above applies regardless of any other cause, event, material, product or building component that contributed concurrently or in any sequence to such damages for which the insured is legally liable, or costs or expenses.

This exclusion does not apply to "bodily injury" as the result of the ingestion of goods intended for human consumption.

For the purpose of this exclusion, the following definitions are added:

- (a)** "Fungus(es)" includes, but is not limited to, any form or type of mildew, mold, mushroom, rust, smuts, or yeast, including any allergens, irritants, mycotoxins, or scents, byproducts, microbial volatile organic compounds produced by or associated therewith.

(b) "Spore(s)" means any reproductive body produced by or arising out of any "fungus(es)".

### 13. EXCLUSION – BISPHENOL A

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This policy does not apply to:

- a. Any damages because of "bodily injury", "property damage" or "personal and advertising injury" for which any insured is legally liable, or costs or expenses, actually or allegedly arising out of, resulting from, caused by or contributed to by bisphenol A or exposure to bisphenol A or the use of bisphenol A;
- b. Any damages because of "bodily injury", "property damage" or "personal and advertising injury" or any loss, cost or expense arising out of any **(i)** claim or "suit" by or on behalf of any governmental authority or any other alleged responsible party because of, or **(ii)** request, demand, order or statutory or regulatory requirement that any insured or any other person or entity should be, or should be responsible for:
  - (1)** Assessing the presence, absence, or amount or effects of bisphenol A;
  - (2)** Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of or mitigating bisphenol A; or
  - (3)** Responding to bisphenol A in any way other than as described in Subparagraphs **b.(1)** and **(2)** above;
- c. Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the subsections above; or
- d. Any obligation to share damages with or repay someone else who must pay damages as described in any of the subsections above.

### 14. EXCLUSION – AIRCRAFT PRODUCTS/GROUNDING

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**:

This policy does not apply to any damages because of "bodily injury" or "property damage" for which any insured is legally liable, or loss, costs or expenses, included in the "products-completed operations hazard" and arising out of, resulting from, caused by or contributed to by any "aircraft product" or the "grounding" of any aircraft.

The following definitions are added to the policy:

- (1)** "Aircraft product" means:
  - (a)** Aircraft (including missile or spacecraft, and any ground support or control equipment used therewith);
  - (b)** Any article furnished by you or on your behalf and installed in an aircraft or used in connection with an aircraft, or for spare parts for an aircraft, including ground handling tools and equipment;
  - (c)** Any of "your product" used at an airport for the purpose of guidance, navigation or direction of aircraft; or
  - (d)** Training aids, instructions, manuals, blueprints, engineering or other data or advice, and services and labor relating to such aircraft, articles or products.
- (2)** "Grounding" means:

The withdrawal of one or more aircraft from flight operations or the imposition of speed, passenger or load restrictions on such aircraft, by reason of the existence of or alleged or suspected existence of any defect, fault or condition in such aircraft or any part thereof sold, handled or distributed by you or on your behalf, or manufactured, assembled or processed by any other person or organization:

  - (a)** According to specifications, plans, suggestions, orders, or drawings provided by you or on your behalf; or

- (b) With tools, machinery or other equipment furnished to such persons or organizations by you or on your behalf, whether such aircraft so withdrawn are owned or operated by the same or different persons, organizations or corporations.

## 15. EXCLUSION – BENZENE AND BENZENE RELATED SUBSTANCES

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This policy does not apply to any damages because of "bodily injury", "property damage" or "personal and advertising injury" for which any insured is legally liable, or loss, costs or expenses, arising out of, resulting from caused by or contributed to by:

- (1) Benzene or benzene related substances;
- (2) Any (i) claim or suit by or on behalf of any governmental authority or any other alleged responsible party because of, or (ii) request, demand, order or statutory or regulatory requirement that any insured or any other person or entity is responsible for, or should be responsible for:
  - (a) Assessing the presence, absence or amount or effects of benzene or benzene related substances;
  - (b) Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of or mitigating benzene or benzene related substances; or
  - (c) Responding to benzene or benzene related substances in any way other than as described in (2)(a) and (2)(b) above;
- (3) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the subsections above; or
- (4) Any obligation to share damages, or loss, costs or expenses, with or repay someone else in connection with any of the subsections above.

As used in this exclusion benzene or benzene related substances means:

- (1) Benzene;
- (2) Any derivative of benzene including but not limited to toluene; or
- (3) Any compound containing benzene including but not limited to xylene.

## 16. EXCLUSION – PHTHALATES

The following exclusion is added to Subsection **2. Exclusions of SECTION I – COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY** and to Subsection **2. Exclusions of SECTION I – COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY**:

This policy does not apply to any damages because of "bodily injury", "property damage" or "personal and advertising injury" for which any insured is legally liable, or loss, costs or expenses, arising out of, resulting from caused by or contributed to by:

- (1) Phthalates, exposure to phthalates or the use phthalates;
- (2) Any (i) claim or suit by or on behalf of any governmental authority or any other alleged responsible party because of, or (ii) request, demand, order or statutory or regulatory requirement that any insured or any other person or entity is responsible for, or should be responsible for:
  - (a) Assessing the presence, absence or amount or effects of phthalates, exposure to phthalates or the use of phthalates;
  - (b) Identifying, sampling or testing for, detecting, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, abating, disposing of or mitigating phthalates in any way other than as described in (2)(a) and (2)(b) above;
- (3) Any supervision, instructions, recommendations, warnings or advice given or which should have been given in connection with any of the subsections above; or
- (4) Any obligation to share damages, or loss, costs or expenses, with or repay someone else in connection with any of the subsections above.

**17. EXCLUSION – ACCESS OR DISCLOSURE OF CONFIDENTIAL OR PERSONAL INFORMATION AND DATA-RELATED LIABILITY**

**A. Exclusion 2.p. of Section I – Coverage A Bodily Injury And Property Damage Liability** is replaced by the following:

**1. Exclusions**

This insurance does not apply to:

**p. Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above, except as provided in the **Coverage D Privacy And Information Security Third Party Notification And Outside Consultant Services Expense Reimbursement** additional coverage in the **40+ AdvantagePac** (GSI-04-AP040).

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells data processing devices or any other media which are used with electronically controlled equipment.

**B. The following is added to Paragraph 2. Exclusions of Section I – Coverage B Personal And Advertising Injury Liability:**

**2. Exclusions**

This insurance does not apply to:

**Access Or Disclosure Of Confidential Or Personal Information**

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information, except as provided in the **Coverage D Privacy And Information Security Third Party Notification And Outside Consultant Services Expense Reimbursement** additional coverage in the **40+ AdvantagePAC** (GSI-04-AP040).

**18. EXCLUSION - CROSS SUITS**

The following exclusion is added to the policy:

This policy does not apply to any damages or costs or expenses, arising out of, resulting from, caused or contributed to by a claim or "suit" for damages by any named insured against any other named insured.

## 19. PREMIUM AUDIT

Paragraph **5. Premium Audit** in **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** is deleted and replaced by the following:

### 5. Premium Audit

- a. We will compute all premiums for the Coverage Part in accordance with our rules and rates.
- b. The premium stated in the **Declarations Page** for the Coverage Part as advance premium is both a minimum and deposit premium. At the close of each policy period, we will compute the final earned premium for that period, which will include any interim audit adjustments performed.
  - (1) If the computed earned premium exceeds the estimated advance premium paid, the First Named Insured will pay the excess to us. Audit premium is due and payable upon receipt of our notice by the First Named Insured.
  - (2) If the computed earned premium is less than the paid estimated advance premium, then the estimated advance premium will be the minimum premium and final earned premium for the policy period.
- c. The First Named Insured must keep record of the information we need for premium computation, and send us copies at such times as we may request. We reserve the right to examine your books and records relating to the computation of audit premium in accordance with Paragraph **C. Examination Of Your Books And Records** in the **COMMON POLICY CONDITIONS**.
- d. If the policy is written on a flat premium basis, it is not subject to premium audit.
- e. If we verify that operations were performed by contractors or subcontractors you hired, but were not insured or were not adequately insured, we will use the "total cost" of work performed for you by such contractors or subcontractors as if it were payroll to calculate the appropriate premium for the specific classification(s) based on our rates and rules in effect as of the inception date of the policy. It is your responsibility to pay any additional premium due.

You will obtain and maintain Certificates of Insurance from all contractors or subcontractors you hire providing evidence of Commercial General Liability insurance, including products/completed operations insurance. If you fail to obtain the Certificates of Insurance, then the contractor(s) and/or subcontractor(s) will be considered inadequately insured and an additional premium will become due.

A contractor or subcontractor will be considered to be inadequately insured if they maintain Commercial General Liability insurance less than the limits of insurance shown in the Declarations of this policy.

The "total cost" of work performed means the total cost of all work incurred by the contractor or subcontractor in connection with each specific project, including:

- (1) The cost of all labor, materials and equipment furnished, used or delivered for use in the execution of the work including the cost of finished equipment installed whether or not furnished by the contractor, subcontractor, or by you; and
- (2) All fees, bonuses or commissions made, paid or due.

## 20. NO DUTY OR RESPONSIBILITY TO SEND NOTICE WHEN WE DO NOT RENEW

Paragraph **9. When We Do Not Renew** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** is deleted and replaced by the following:

### 9. When We Do Not Renew

If we decide not to renew this policy, we have no duty or responsibility to mail or deliver written notice of the non-renewal to any insured.

## 21. AMENDMENT OF INSURED CONTRACT DEFINITION

Paragraph 9. "Insured contract" of **SECTION V - DEFINITIONS** is deleted and replaced by the following:

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement; or
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or your agents and subcontractors. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
  - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
  - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

## 22. AMENDMENT OF PERSONAL AND ADVERTISING INJURY DEFINITION

Paragraph 14. "Personal and advertising injury" of **SECTION V - DEFINITIONS** is deleted and replaced by the following:

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy.

Nothing herein contained shall be held to vary, waive, alter or extend any of the terms, conditions, agreements or declarations of the policy other than herein stated.

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT**

**(Broad Form)**

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART

COMMERCIAL GENERAL LIABILITY COVERAGE PART

FARM COVERAGE PART

LIQUOR LIABILITY COVERAGE PART

MEDICAL PROFESSIONAL LIABILITY COVERAGE PART

OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART

POLLUTION LIABILITY COVERAGE PART

PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

RAILROAD PROTECTIVE LIABILITY COVERAGE PART

UNDERGROUND STORAGE TANK POLICY

**1. The insurance does not apply:**

**A.** Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

**B.** Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.

**C.** Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.

**2. As used in this endorsement:**

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

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"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

**(c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

**(d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

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**LIMITATION OF COVERAGE TO DESIGNATED  
PREMISES OR PROJECT**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Endorsement effective	02/17/2017 12:01 A.M. standard time	Policy No. IMA254728F
Named Insured	SMILEY TEAM # 2 INC.	Countersigned by

(Authorized Representative)

**SCHEDULE**

<b>Premises:</b> 7425 HWY. 6 HITCHCOCK, TX 77563
<b>Project:</b>

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

This insurance applies only to "bodily injury", "property damage", "personal and advertising injury" and medical expenses arising out of:

1. The ownership, maintenance or use of the premises shown in the Schedule and operations necessary or incidental to those premises; or
2. The project shown in the Schedule.

COMMERCIAL GENERAL LIABILITY  
CG 21 73 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART  
LIQUOR LIABILITY COVERAGE PART  
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART  
POLLUTION LIABILITY COVERAGE PART  
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART  
RAILROAD PROTECTIVE LIABILITY COVERAGE PART  
UNDERGROUND STORAGE TANK POLICY

**A. The following exclusion is added:**

This insurance does not apply to:

**TERRORISM**

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

**B. The following definitions are added:**

**1.** For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

**2.** "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

**a.** The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and

**b.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**C.** The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**COMMERCIAL PROPERTY COMBINED PROVISIONS ENDORSEMENT**  
**40+ AdvantagePAC**

The following amends insurance provided under the policy. Note the specific coverage forms or causes of loss forms affected by the amendatory provisions.

**1. DEDUCTIBLE PROVISION**

**This DEDUCTIBLE PROVISION modifies insurance provided under the following when attached to the policy:**

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM

It is agreed that section **D. Deductible** is deleted in its entirety and replaced by the following:

**D. Deductible**

1. In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

When the occurrence involves loss to a specific Covered Property caused by or resulting from a Covered Cause of Loss that is subject to a Sublimit(s) as stated in this Coverage Form, Declarations or in any endorsement to this policy, then any amount of such loss in excess of the applicable Sublimit(s) will not be considered to be part of the covered loss under this policy for purposes of application of any Deductible(s) and, as such, will not offset, defray, or erode any Deductible(s) provided in this policy.

**Example No. 1:**

(This example assumes there is no coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Bldg. 1:	\$ 60,000
Limit of Insurance – Bldg. 2:	\$ 80,000
Loss to Bldg. 1:	\$ 60,100
Loss to Bldg. 2:	\$ 90,000

The amount of loss to Bldg. 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Bldg. 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Bldg. 1:

\$60,100
- \$ 250
\$59,850 Loss Payable – Bldg. 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Bldg. 2. Loss payable for Bldg. 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:  $\$59,850 + 80,000 = \$139,850$

**Example No. 2:**

(This example, too, assumes there is no coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example No. 1.

Loss to Bldg. 1:	\$70,000
(exceeds Limit of Insurance plus Deductible)	
Loss to Bldg. 2:	\$90,000
(exceeds Limit of Insurance plus Deductible)	
Loss Payable – Bldg. 1:	\$60,000
(Limit of Insurance)	
Loss Payable – Bldg. 2:	\$80,000
(Limit of Insurance)	
Total amount of loss payable: \$140,000	

**Example No. 3:**

(This example assumes there is no coinsurance penalty.)

Sublimit of Insurance / Application of Deductible(s)

Two Covered Causes of Loss – Multiple Deductibles – One Occurrence

Covered Cause of Loss	Wind
Wind Deductible – Bldg. 1:	\$ 25,000
Wind Subject to total Policy Limit of Insurance	\$ 4,000,000
Total Amount of Loss to Bldg. 1 - Wind	\$ 35,000
Covered Cause of Loss	Flood
Flood Deductible – Bldg. 1:	\$ 10,000
Flood Sublimit of Insurance	\$ 80,000
Total Amount of Loss to Bldg. 1 – Flood	\$ 100,000

The Wind Deductible will be subtracted from the total amount of Wind Loss to Bldg. 1:

\$35,000 Total Amount of Wind Loss
- <u>\$25,000 Wind Deductible</u>
\$10,000 Net Wind Loss Remaining – Bldg. 1

The Net Wind Loss Remaining to Bldg. 1 of \$10,000 is paid in full under this policy since it is less than the total Policy Limit of Insurance.

The Flood Deductible will be subtracted from the total amount of Flood Loss to Bldg. 1:

\$100,000	Total Amount of Flood Loss
- <u>\$ 10,000</u>	<u>Flood Deductible</u>
\$ 90,000	Net Flood Loss Remaining – Bldg. 1

Since the Net Flood Loss Remaining to Bldg. 1 of \$90,000 exceeds the applicable Flood Sublimit of Insurance, the Flood Sublimit of Insurance of \$80,000 is the most we will pay for this covered loss to Bldg. 1. The balance of \$10,000 after application of the Flood Sublimit of Insurance is not covered loss payable by this policy. That calculation is as follows:

\$90,000	Net Flood Loss Remaining
- <u>\$80,000</u>	<u>Flood Sublimit of Insurance</u>
\$10,000	Unpaid Flood Loss – Bldg. 1

The Unpaid Flood Loss of \$10,000 cannot be applied to offset, defray or erode any portion of the Wind Deductible for the Wind Covered Cause of Loss to Bldg. 1.

## **2 ELECTRONIC DATA LIMITATION PROVISION**

**This ELECTRONIC DATA LIMITATION PROVISION modifies insurance provided under the following when attached to the policy:**

BUILDING AND PERSONAL PROPERTY COVERAGE FORM  
CONDOMINIUM ASSOCIATION COVERAGE FORM

It is agreed that subparagraph (4) of paragraph **f. Electronic Data** of subsection **4. Additional Coverages** in section **A. Coverage** is deleted in its entirety and replaced with the following:

**(4)** The most we will pay under this Additional Coverage – Electronic Data is \$250 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

**This ELECTRONIC DATA LIMITATION PROVISION modifies insurance provided under the following when attached to the policy:**

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

It is agreed that subparagraph (4) of paragraph **d. Interruption of Computer Operations** of subsection **5. Additional Coverages** in section **A. Coverage** is deleted in its entirety and replaced with the following:

(4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$250 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.

**This ELECTRONIC DATA LIMITATION PROVISION modifies insurance provided under the following when attached to the policy:**

**BUSINESS INCOME (WITHOUT EXTRA EXPENSE) COVERAGE FORM**

It is agreed that subparagraph (4) of paragraph **e. Interruption of Computer Operations** of subsection **4. Additional Coverages** in section **A. Coverage** is deleted in its entirety and replaced with the following:

(4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$250 for all loss sustained in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss in a subsequent policy year(s), all loss is deemed to be sustained in the policy year in which the interruption began.

**3. FUNGUS CLEAN UP AND REMOVAL LIMITATION PROVISION**

**This FUNGUS CLEAN UP AND REMOVAL LIMITATION PROVISION modifies insurance provided under the following when attached to the policy:**

**CAUSES OF LOSS --- SPECIAL FORM**

**SCHEDULE**  
**FUNGUS CLEAN UP AND REMOVAL POLICY LIMIT \$10,000**

A. It is agreed that paragraph **h. "Fungus", Wet Rot, Dry Rot and Bacteria** of subsection **1.** in section **B. Exclusions** is deleted in its entirety and is replaced with the following:

**h. "Fungus", "Spore(s)", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", "spore(s)", wet or dry rot or bacteria.

B. Section **E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot and Bacteria** is deleted in its entirety and replaced with the following:

**E. Additional Coverage – Limited Coverage For "Fungus", "Spores", Wet Rot, Dry Rot and Bacteria**

1. Subject to all other policy provisions, we will pay your expense for testing for, monitoring, abatement, mitigation, removal, remediation or disposal of "fungus" or "spores" or any substance, vapor, gas, or byproducts produced by or arising out of any "fungus" or "spores" provided:

- a.** Such expense is caused by or results from a Covered Cause of Loss that occurs during the policy period;
- b.** Subject to all other policy conditions, the necessity of such expense is reported to us in writing within 60 days of the date on which the Covered Cause of Loss occurs; and
- c.** We authorize you to incur such expense.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

- 2. a.** Regardless of the number of claims, insured locations or occurrences, the most we will pay under this policy, in excess of any applicable deductible, for the sum of all covered expense described in paragraph **E.1.a.** above, is the FUNGUS CLEAN UP AND REMOVAL POLICY LIMIT shown in the SCHEDULE of this endorsement.
- b.** Subject to paragraph **2.a.** above, the FUNGUS CLEAN UP AND REMOVAL POLICY LIMIT applies to and includes the costs associated with the replacement of Covered Property discarded or destroyed as part of the removal or remediation of "fungus" or "spore(s)".

**C.** Subsection **1.** of section **G. Definitions** is deleted in its entirety and replaced by the following:

- 1.** The term "fungus", as used in this endorsement and throughout the entire policy, includes, but is not limited to, any form or type of mildew, mold, wet or dry rot, bacteria, mushroom, rust, smuts, or yeast, including any allergens, irritants, mycotoxins, or scents, byproducts, microbial volatile organic compounds produced by or associated therewith.

**D.** The following paragraph **3.** is added to section **G. Definitions**:

- 3.** The term "spore(s)", as used in this endorsement and throughout the entire policy, means any reproductive body produced by or arising out of any "fungus".

#### **4. ABSOLUTE ASBESTOS EXCLUSION PROVISION**

This ABSOLUTE ASBESTOS EXCLUSION PROVISION modifies insurance provided under the following when attached to the policy:

CAUSES OF LOSS --- SPECIAL FORM

The following is added to the Exclusions section and is therefore not a Covered Cause of Loss:

#### **Absolute Asbestos Exclusion**

We will not pay for loss or damage caused directly or indirectly by existence of or actual, alleged or threatened, discharge, dispersal, seepage, migration, release or escape of any asbestos, or any materials containing them, at any time. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

**5. NO DUTY OR RESPONSIBILITY TO SEND NOTICE WHEN WE DO NOT RENEW**

**This NO DUTY OR RESPONSIBILITY TO SEND NOTICE WHEN WE DO NOT RENEW PROVISION**  
modifies insurance provided under the following when attached to the policy:

COMMERCIAL PROPERTY CONDITIONS

The following is added to the **Commercial Property Conditions (CP 00 90)**

**J. NO DUTY OR RESPONSIBILITY TO SEND NOTICE WHEN WE DO NOT RENEW**

If we decide not to renew this policy we have no duty or responsibility to mail or deliver written notice of the non-renewal to any insured.

# BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H. Definitions**.

## A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

### 1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.** Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

- a. Building**, meaning the building or structure described in the Declarations, including:
  - (1) Completed additions;
  - (2) Fixtures, including outdoor fixtures;
  - (3) Permanently installed:
    - (a) Machinery; and
    - (b) Equipment;
  - (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
    - (a) Fire-extinguishing equipment;
    - (b) Outdoor furniture;
    - (c) Floor coverings; and
    - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
  - (5) If not covered by other insurance:
    - (a) Additions under construction, alterations and repairs to the building or structure;
    - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

## b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
  - (a) Made a part of the building or structure you occupy but do not own; and
  - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

## c. Personal Property Of Others

that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

## 2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
  - (1) The lowest basement floor; or
  - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
  - (1) Are licensed for use on public roads; or
  - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
  - (1) Grain, hay, straw or other crops;
  - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.

### 3. Covered Causes Of Loss

See applicable Causes Of Loss form as shown in the Declarations.

### 4. Additional Coverages

#### a. Debris Removal

- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
  - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
  - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
  - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
- (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
- (e) Remove deposits of mud or earth from the grounds of the described premises;
- (f) Extract "pollutants" from land or water; or
- (g) Remove, restore or replace polluted land or water.

(3) Subject to the exceptions in Paragraph (4), the following provisions apply:

- (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
- (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
- (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
  - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
  - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if **(4)(a)** and/or **(4)(b)** applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

#### **(5) Examples**

The following examples assume that there is no Coinsurance penalty.

##### **Example 1**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
(\$10,000 is 20% of \$50,000.)	

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph **(3)**.

##### **Example 2**

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph **(4)**. Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

#### **b. Preservation Of Property**

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

#### **c. Fire Department Service Charge**

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

**d. Pollutant Clean-up And Removal**

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

**e. Increased Cost Of Construction**

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
  - (a) You were required to comply with before the loss, even when the building was undamaged; and
  - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
- (6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.
- The amount payable under this Additional Coverage is additional insurance.
- (7) With respect to this Additional Coverage:
  - (a) We will not pay for the Increased Cost of Construction:
    - (i) Until the property is actually repaired or replaced at the same or another premises; and
    - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
- (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
- (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

#### f. Electronic Data

- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
- (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
  - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
  - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
  - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
  - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

**(4)** The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

## 5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

### a. Newly Acquired Or Constructed Property

#### (1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a)** Your new buildings while being built on the described premises; and
- (b)** Buildings you acquire at locations, other than the described premises, intended for:
  - (i)** Similar use as the building described in the Declarations; or
  - (ii)** Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

## (2) Your Business Personal Property

- (a)** If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
  - (i)** Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
  - (ii)** Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b)** This Extension does not apply to:

- (i)** Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii)** Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

## (3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a)** This policy expires;
- (b)** 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c)** You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

**b. Personal Effects And Property Of Others**

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

**c. Valuable Papers And Records (Other Than Electronic Data)**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

**d. Property Off-premises**

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
  - (a) Temporarily at a location you do not own, lease or operate;
  - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
  - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
  - (a) In or on a vehicle; or
  - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

**e. Outdoor Property**

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

**f. Non-owned Detached Trailers**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
  - (a) The trailer is used in your business;
  - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
  - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
  - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
  - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

**g. Business Personal Property Temporarily In Portable Storage Units**

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

(2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

**(3) Coverage under this Extension:**

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
- (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

**B. Exclusions And Limitations**

See applicable Causes Of Loss form as shown in the Declarations.

**C. Limits Of Insurance**

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

#### **D. Deductible**

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

#### **Example 1**

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r}
 \$ 60,100 \\
 - \underline{250} \\
 \$ 59,850
 \end{array}$$

Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

#### **Example 2**

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
	(Exceeds Limit of Insurance plus Deductible)
Loss to Building 2:	\$ 90,000
	(Exceeds Limit of Insurance plus Deductible)
Loss Payable – Building 1:	\$ 60,000
	(Limit of Insurance)
Loss Payable – Building 2:	\$ 80,000
	(Limit of Insurance)
Total amount of loss payable:	\$ 140,000

#### **E. Loss Conditions**

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

##### **1. Abandonment**

There can be no abandonment of any property to us.

##### **2. Appraisal**

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

##### **3. Duties In The Event Of Loss Or Damage**

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.  
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

#### 4. Loss Payment

- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
  - (1) Pay the value of lost or damaged property;
  - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
  - (3) Take all or any part of the property at an agreed or appraised value; or
  - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
  - (1) We have reached agreement with you on the amount of loss; or
  - (2) An appraisal award has been made.

**h.** A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

## 5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

## 6. Vacancy

### a. Description Of Terms

**(1)** As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

**(a)** When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

**(b)** When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

**(i)** Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

**(ii)** Used by the building owner to conduct customary operations.

**(2)** Buildings under construction or renovation are not considered vacant.

### b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

**(1)** We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

**(a)** Vandalism;

**(b)** Sprinkler leakage, unless you have protected the system against freezing;

**(c)** Building glass breakage;

**(d)** Water damage;

**(e)** Theft; or

**(f)** Attempted theft.

**(2)** With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

## 7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

**a.** At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

**b.** If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
- (3) Outdoor equipment or furniture.

c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.

d. Glass at the cost of replacement with safety-glazing material if required by law.

e. Tenants' Improvements and Betterments at:
 

- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
- (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
  - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
  - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.

(3) Nothing if others pay for repairs or replacement.

## F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

### 1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

### Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%	
The Limit of Insurance for it is:	\$ 100,000	
The Deductible is:	\$ 250	
The amount of loss is:	\$ 40,000	

Step (1):  $250,000 \times 80\% = \$200,000$   
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2):  $\$100,000 / \$200,000 = .50$

Step (3):  $\$40,000 \times .50 = \$20,000$

Step (4):  $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

### Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%	
The Limit of Insurance for it is:	\$ 200,000	
The Deductible is:	\$ 250	
The amount of loss is:	\$ 40,000	

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ( $\$250,000 \times 80\%$ ). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

**b.** If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

**Example 3**

When: The value of the property is:

Building at Location 1:	\$ 75,000
Building at Location 2:	\$ 100,000
Personal Property at Location 2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location 2:	\$ 30,000
Personal Property at Location 2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1):  $\$250,000 \times 90\% = \$225,000$

(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2):  $\$180,000, \$225,000 = .80$

Step (3):  $\$50,000 \times .80 = \$40,000$

Step (4):  $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

**2. Mortgageholders**

- a.** The term mortgageholder includes trustee.
- b.** We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c.** The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
  - (1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2)** Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e.** If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1)** The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2)** The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f.** If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1)** 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2)** 30 days before the effective date of cancellation if we cancel for any other reason.

- g.** If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

**G. Optional Coverages**

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

**1. Agreed Value**

- a.** The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

- b.** If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c.** The terms of this Optional Coverage apply only to loss or damage that occurs:
  - (1)** On or after the effective date of this Optional Coverage; and
  - (2)** Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

## 2. Inflation Guard

- a.** The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.
- b.** The amount of increase will be:
  - (1)** The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
  - (2)** The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
  - (3)** The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

### Example

If: The applicable Limit of Insurance is: \$ 100,000  
 The annual percentage increase is: 8%  
 The number of days since the beginning of the policy year (or last policy change) is: 146  
 The amount of increase is: \$100,000 x .08 x 146 / 365 = \$ 3,200

## 3. Replacement Cost

- a.** Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b.** This Optional Coverage does not apply to:
  - (1)** Personal property of others;
  - (2)** Contents of a residence;
  - (3)** Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

- (4)** "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c.** You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d.** We will not pay on a replacement cost basis for any loss or damage:

- (1)** Until the lost or damaged property is actually repaired or replaced; and
- (2)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3)** If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
- (4)** We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

- e.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1), (2) or (3)**, subject to **f.** below:

- (1)** The Limit of Insurance applicable to the lost or damaged property;
- (2)** The cost to replace the lost or damaged property with other property:
  - (a)** Of comparable material and quality; and
  - (b)** Used for the same purpose; or
- (3)** The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.**
- 4. Extension Of Replacement Cost To Personal Property Of Others**
- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.**
- b. With respect to replacement cost on the personal property of others, the following limitation applies:**

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

## H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

## COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

### A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

### B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

### C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

### D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

### E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

### F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

### G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1 above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

### H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
  - a. During the policy period shown in the Declarations; and
  - b. Within the coverage territory.
2. The coverage territory is:
  - a. The United States of America (including its territories and possessions);
  - b. Puerto Rico; and
  - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY  
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
  - a. Someone insured by this insurance;
  - b. A business firm:
    - (1) Owned or controlled by you; or
    - (2) That owns or controls you; or
  - c. Your tenant.

This will not restrict your insurance.

DEF000371

# CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G. Definitions**.

## A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

## B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

### a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

### b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5)(a)**, **(5)(b)** and **(5)(c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

**c. Governmental Action**

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

**d. Nuclear Hazard**

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

**e. Utility Services**

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

**f. War And Military Action**

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

**g. Water**

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
  - (a) Foundations, walls, floors or paved surfaces;
  - (b) Basements, whether paved or not; or
  - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**h. "Fungus", Wet Rot, Dry Rot And Bacteria**

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

- 2. We will not pay for loss or damage caused by or resulting from any of the following:
  - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
    - (1) Electrical or electronic wire, device, appliance, system or network; or
    - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
  - (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
  - (3) Smog;
  - (4) Settling, cracking, shrinking or expansion;

(5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

(6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

(7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
  - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

**h.** Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

(1) Applies whether or not an act occurs during your normal hours of operation;

(2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

**i.** Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

**j.** Rain, snow, ice or sleet to personal property in the open.

**k.** Collapse, including any of the following conditions of property or any part of the property:

(1) An abrupt falling down or caving in;

(2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or

(3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

(a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

**(b)** To collapse caused by one or more of the following:

(i) The "specified causes of loss";

(ii) Breakage of building glass;

(iii) Weight of rain that collects on a roof; or

(iv) Weight of people or personal property.

**l.** Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

**m.** Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

**3.** We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

**a.** Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

**b.** Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

**c.** Faulty, inadequate or defective:

(1) Planning, zoning, development, surveying, siting;

(2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;

(3) Materials used in repair, construction, renovation or remodeling; or

(4) Maintenance;

of part or all of any property on or off the described premises.

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#### 4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

##### a. Business Income (And Extra Expense)

##### Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

##### b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

##### c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.** Ordinance Or Law;
- (b) Paragraph **B.1.c.** Governmental Action;
- (c) Paragraph **B.1.d.** Nuclear Hazard;
- (d) Paragraph **B.1.e.** Utility Services; and
- (e) Paragraph **B.1.f.** War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

##### (a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

##### (b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

## 5. Additional Exclusion

The following provisions apply only to the specified property:

### Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

## C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
  - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
  - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
  - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
    - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
    - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft. However, this limitation does not apply to:
  - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
  - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
  - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
  - (2) Changes in or extremes of temperature;
  - (3) Disease;
  - (4) Frost or hail; or
  - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
  - a. Animals, and then only if they are killed or their destruction is made necessary.
  - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
    - (1) Glass; or
    - (2) Containers of property held for sale.
  - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

  - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
  - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a.** \$2,500 for furs, fur garments and garments trimmed with fur.
- b.** \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c.** \$2,500 for patterns, dies, molds and forms.
- d.** \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a.** Results in discharge of any substance from an automatic fire protection system; or
- b.** Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

#### **D. Additional Coverage – Collapse**

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a.** Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b.** Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d.** Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1)** A cause of loss listed in **2.a.** or **2.b.**;
- (2)** One or more of the "specified causes of loss";
- (3)** Breakage of building glass;
- (4)** Weight of people or personal property; or
- (5)** Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a.** A building or any part of a building that is in danger of falling down or caving in;
- b.** A part of a building that is standing, even if it has separated from another part of the building; or
- c.** A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a.** Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.

8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in **D.1.** through **D.7.**

#### **E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria**

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:
  - a. A "specified cause of loss" other than fire or lightning; or
  - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
  - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
  - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
  - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.
3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.

6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

## F. Additional Coverage Extensions

### 1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
  - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
  - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
  - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

### 2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

### 3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b.** We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension **F.3.** does not increase the Limit of Insurance.

## **G. Definitions**

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
  - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
    - (1) The cost of filling sinkholes; or
    - (2) Sinking or collapse of land into man-made underground cavities.
  - b. Falling objects does not include loss or damage to:
    - (1) Personal property in the open; or
    - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

- c.** Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in **c.(1)** or **c.(2)** of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

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POLICY NUMBER: IMA254728F

COMMERCIAL PROPERTY  
CP 10 54 06 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****WINDSTORM OR HAIL EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM  
 CAUSES OF LOSS – BROAD FORM  
 CAUSES OF LOSS – SPECIAL FORM  
 STANDARD PROPERTY POLICY

**SCHEDULE**

Premises Number	Building Number
1	1

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

**A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

**WINDSTORM OR HAIL**

We will not pay for loss or damage:

1. Caused directly or indirectly by Windstorm or Hail, regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage; or
2. Caused by rain, snow, sand or dust, whether driven by wind or not, if that loss or damage would not have occurred but for the Windstorm or Hail.

But if Windstorm or Hail results in a cause of loss other than rain, snow, sand or dust, and that resulting cause of loss is a Covered Cause of Loss, we will pay for the loss or damage caused by such Covered Cause of Loss. For example, if the Windstorm or Hail damages a heating system and fire results, the loss or damage attributable to the fire is covered subject to any other applicable policy provisions.

- B.** The terms of the Windstorm Or Hail exclusion, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this policy.
- C.** Under **Additional Coverage – Collapse**, in the Causes Of Loss – Broad Form, Windstorm or Hail is deleted from Paragraph **2.a**.
- D.** In the Causes Of Loss – Special Form, Windstorm or Hail is deleted from the "specified causes of loss".
- E.** Under **Additional Coverage Extensions – Property In Transit**, in the Causes Of Loss – Special Form, Windstorm or Hail is deleted from Paragraph **b.(1)**.

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## **ROOF DAMAGE AND VALUATION**

This endorsement modifies insurance provided under the following:

### **Building and Personal Property Coverage Form**

**A. Section A. COVERAGE, 1. Covered Property, paragraph a. Building** is amended to add **item 6.**, as follows:

**(6)** Roof(s), roof coatings, roof canopies, or any materials or components used in conjunction with a roof's construction or re-covering including, but not limited to, shingles, shakes, flashing, insulation, and membrane(s).

However, we will not pay for cosmetic damage caused by wind and/or hail. Cosmetic damage means that the wind and/or hail caused marring, pitting or other superficial damage that altered the appearance, but such damage does not prevent the roof from continuing to function as a barrier to entrance of the elements to the same extent as it did before the cosmetic damage occurred.

**B. Section G. OPTIONAL COVERAGES, 3. Replacement Cost, paragraph b.** is amended to add **item 5.**, as follows:

**(5)** Roof(s), roof coatings, roof canopies, or any materials or components used in conjunction with a roof's construction or re-covering including, but not limited to, composition shingles, shakes, flashing, insulation, membrane(s), metal roofing material, slate, clay, terra cotta, wood or synthetic composites, decking, sheeting, trim, and the guttering system if, at the time of loss, the roof is determined to be over 10 years old.

DEF000383

POLICY NUMBER: IMA254728F

IL 09 53 01 15

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART  
COMMERCIAL INLAND MARINE COVERAGE PART  
COMMERCIAL PROPERTY COVERAGE PART  
CRIME AND FIDELITY COVERAGE PART  
EQUIPMENT BREAKDOWN COVERAGE PART  
FARM COVERAGE PART  
STANDARD PROPERTY POLICY

### SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

**A.** The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

**B.** The following exclusion is added:

#### **CERTIFIED ACT OF TERRORISM EXCLUSION**

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**C. Exception Covering Certain Fire Losses**

The following exception to the exclusion in Paragraph **B**, applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

DEF000384

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

#### **D. Application Of Other Exclusions**

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

DEF000385

COMMERCIAL PROPERTY  
CP 01 42 03 12

**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

## TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART  
STANDARD PROPERTY POLICY

**A.** When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part is replaced by the term Policy.

**B. Legal Action Against Us**

1. The **Legal Action Against Us** Commercial Property Condition is replaced by the following, except as provided in **B.2.** below:

**Legal Action Against Us**

a. Except as provided in Paragraph **b.**, no one may bring a legal action against us under this Coverage Part unless:

(1) There has been full compliance with all of the terms of this Coverage Part; and  
(2) The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

b. With respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, no one may bring a legal action against us under this Coverage Part unless:

(1) There has been full compliance with all the terms of this Coverage Part; and  
(2) The action is brought within the earlier of the following:  
(a) Two years and one day from the date we accept or reject the claim; or  
(b) Three years and one day from the date of the loss or damage that is the subject of the claim.

2. Paragraph **B.1.** above does not apply to the Legal Action Against Us Loss Condition in the Legal Liability Coverage Form **CP 00 40**.

**C. Appraisal**

1. Except as provided in **C.2.** below, the **Appraisal** Loss Condition in the:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM;  
BUILDERS RISK COVERAGE FORM;  
CONDOMINIUM ASSOCIATION COVERAGE FORM;  
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM;  
EXTRA EXPENSE COVERAGE FORM;  
LEASEHOLD INTEREST COVERAGE FORM;  
TOBACCO SALES WAREHOUSES COVERAGE FORM; and  
STANDARD PROPERTY POLICY

is replaced by the following:

**Appraisal**

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

a. Pay its chosen appraiser; and  
b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and

b. We will still retain our right to deny the claim.

DEF000386

**2. The Appraisal Condition in the:**

BUSINESS INCOME (AND EXPENSE) COVERAGE FORM; and	EXTRA
BUSINESS INCOME (WITHOUT EXPENSE) COVERAGE FORM	EXTRA

is replaced by the following:

**Appraisal**

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense and the amount of loss.

If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

**D. Under the Duties In The Event Of Loss Or Damage Loss Condition:**

- a. Paragraph a.(2) is replaced by the following:
  - (2) Give us prompt notice of the loss or damage. Include a description of the property involved. However, with respect to loss or damage in the State of Texas caused by windstorm or hail in the catastrophe area as defined by the Texas Insurance Code, any claim must be filed with us not later than one year after the date of the loss or damage that is the subject of the claim, except that a claim may be filed after the first anniversary of the date of the loss or damage for good cause shown by the person filing the claim.

- b. The provision requiring signed, sworn proof of loss is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.

**E. Under the Loss Payment Condition, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:****1. Claims Handling**

- a. Within 15 days after we receive written notice of claim, we will:
  - (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
  - (2) Begin any investigation of the claim; and
  - (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

- b. We will notify you in writing as to whether:

- (1) The claim or part of the claim will be paid;
- (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (3) More information is necessary; or
- (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in b.(1) through b.(4) above, within:

- (1) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (2) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

**2.** We will pay for covered loss or damage within five business days after:

- a.** We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- b.** An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

The following paragraphs are added:

**3. Catastrophe Claims**

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **E.1.** and **E.2.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- a.** Is declared a disaster under the Texas Disaster Act of 1975; or
- b.** Is determined to be a catastrophe by the State Board of Insurance.

**4.** The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

**F.** The following is added to the **Valuation** Loss Condition:

**Chapter 862 – Subsection 862.053. Policy A Liquidated Demand.** A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. This subsection does not apply to personal property.

**G. Paragraphs d. and f. of the Mortgageholders Additional Condition** are replaced by the following:

- d.** If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

- (1)** Pays any premium due under this Coverage Part at our request if you have failed to do so;

**(2)** Submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so; and

**(3)** Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

**f.** If this policy is cancelled, we will give the mortgageholder named in the Declarations written notice of cancellation.

If we cancel this policy, we will give written notice to the mortgageholder at least:

**(1)** 14 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

**(2)** 30 days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the mortgageholder notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

**H.** The following is added to Paragraph **D.1.** in the **Duties In The Event Of Accident, Claim Or Suit** Loss Condition in the Legal Liability Coverage Form:

We will notify the first Named Insured in writing of:

- 1.** An initial offer to settle a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
- 2.** Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.